

CHEMONICS INTERNATIONAL INC.

GENERAL BUSINESS TRADE AND INVESTMENT (GBTI)
INDEFINITE QUANTITY CONTRACT

Contract No. PCE-I-00-98-00015-00

Quarterly Performance Report
January-March 31st, 2003

Submitted to:
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U.S. Agency for International Development
Washington. D.C.

Submitted by:
Chemonics International Inc.

in collaboration with

Crimson Capital Corporation, Inc.,
International Business Initiatives, IGI Inc., International Law Institute, Innovation
Associates, Inc., The Kenan Institute, Prime International, Sigma One, Plexus Consulting
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Chemonics Consortium
Quarterly Performance Monitoring Report
October - December 2002

General Business Trade and Investment
Indefinite Quantity Contract (IQC)
PCE-I-00-98-00015-00

I. Task Orders: Progress, Activities, Results

A. Support to Presidents' Council, TO #804

Start Date: February 6, 2001

Completion Date: December 31, 2004

Amount of Delivery Order: \$952,436.00

A. Executive Summary

A1. US-Egypt Business Council Objectives

The US-Egypt Business Council (formerly called the US-Egypt Presidents' Council; in this report referred to as "the Council") was created in April 1995 by President Hosni Mubarak and then US Vice President Al Gore as one of the three principal elements of the US-Egypt Partnership for Economic Growth and Development. It now serves under the auspices of the US Department of Commerce and the Egyptian Ministry of Foreign Trade.

The Council is commissioned to directly inform and advise the Department of Commerce and the Ministry of Foreign Trade of private sector views, needs and concerns regarding private sector business development in Egypt. It also provides advice on measures to enhance bilateral commercial ties, in particular measures that could lay the basis for a free trade framework between the US and Egypt. More specifically, the Council is charged with exchanging information and encouraging bilateral discussions that address the following areas:

- Factors that affect the growth of private sector business in both countries, including disincentives to trade and investment and regulatory obstacles to optimal job creation and investment growth, that will enhance bilateral relations.
- Initiatives that both Governments might take, such as enacting, amending, enforcing, or repealing appropriate laws and regulations, to promote private sector business growth in Egypt.
- Promotion of business opportunities in both Egypt and the United States, and identification of US and Egyptian firms that might work together.
- Attracting US businesses to opportunities in Egypt and serving as a catalyst for Egyptian private sector growth.

A2. Major Accomplishments

- The Council has developed a reputation as the trusted voice of the US and Egyptian private sectors among GOE and USG officials seeking advice on ways to enhance the bilateral trade and investment relationship.
- Council members have made three trips to Cairo and two to Washington, DC to discuss issues that affect trade and investment and private sector growth with GOE and USG officials. Participants have included President Mubarak, Vice President Cheney, Prime Minister Ebeid and USTR Robert Zoellick.
- The Council has identified a number of initiatives that the GOE and USG might take to enhance the bilateral trade and investment relationship, including measures likely to lead to a US-Egypt Free Trade Agreement. The Council's recently developed FTA Roadmap highlights the status of many of these initiatives.
- The Council has developed a popular web site that provides objective, relevant, and timely information on doing business/investing in Egypt, including detailed information on current investment opportunities in Egypt. The Council has also hosted a number of events in the US for visiting GOE officials to showcase investment opportunities in Egypt.

B. Introduction

B1. Background

Chemonics International Inc. has provided support to the US-Egypt Business Council since October 1999. The first contract, which was implemented through USAID's Technical Assistance to Support Economic Policy Reform (TAPR) project and ended on November 30, 1999, covered logistics and support related to Council meetings in Egypt in October 1999. On February 6, 2000, Chemonics was awarded a task order under the SEGIR GBTI IQC to provide support to the Council through September 2001. The end date of the task order was subsequently extended through April 30, 2002, followed by three more no-cost extensions, to May 30, 2002, December 31, 2002, and February 28, 2003.

This report provides an overview of support provided to the US-Egypt Business Council during the contract period October 1999 to February 2003. It covers activities undertaken during the period, including relationships the Council has developed with representatives of the US and Egyptian governments. It notes highlights and achievements as well as areas for improvement.

B2. Overview of Secretariat

The contract provides support to the Council through a Secretariat that provides technical, logistical, and administrative support to the Council. Administrative support includes activities such as managing communications between members, coordinating conference calls, and organizing logistics related to meetings, trips to Egypt, or other Council events. In terms of technical and analytical support, the Secretariat produces two quarterly reports (referred to as “dashboards”) highlighting priority issues and key trends in the areas of trade and investment and information technology. At the request of the Council, the Secretariat also provides research, reports on, and/or analyses of select topics or policies, such as the status of a US-Egypt Free Trade Agreement).

There also is an outreach component, which involves updating the Council's web site, and communicating/partnering with relevant organizations and associations to further the Council's objectives, and handling public relations for the Council.

The Secretariat has three part-time staff members:

- A public relations/communications specialist based in Washington, DC, serves as the key contact person for the Council and leads or coordinates all support activities in the US and Egypt. Heidi Dodd has held this position since February 2000.
- A communications specialist based in Cairo coordinates activities with the Egyptian Council members and their coordinator, and provides in-country support as necessary. This position was held by Fariba Khorasanizadeh.
- An information technology advisor provides updates on developments in the IT industry in Egypt, including updating the *Information and Communications Technology Dashboard* each quarter. This position also was held by Fariba Khorasanizadeh.
- A trade and investment advisor provides updates on and analyses of economic, trade, and investment-related developments in Egypt, including updating the *Trade and Investment Dashboard* each quarter. This position was held by Lindsey Wellons.

B3. Activity Timeline

This report covers the period October 1999-February 2003.

It should be noted that from January 2001 through June 2002 there was a decrease in the Council's activities and Secretariat support to the Council. The cutback in support was requested by USAID due to:

- The Council members' request to keep a low profile due to uncertainty related to the Council's future;
- The expiration of Council members' terms in the summer of 2001; and,

- Delays related to the process of finding and vetting new Council members from November 2001-July 2002.

During this period, the Secretariat provided support to a number of low-profile Council activities, primarily related to updating the web site, updating the dashboards, and monitoring the bilateral economic relationship.

In July 2002, the Council was officially reorganized under the US Department of Commerce and Egyptian Ministry of Foreign Trade. Twenty-seven US and Egyptian members were appointed, or in some cases reappointed, to the Council. In August, an amendment was made to the Council's terms of reference changing its name from the US-Egypt Presidents' Council to the US-Egypt Business Council.

C. Council Activities—Highlights, Achievements, Areas for Improvement

C1. US-Egypt Business Council Web Site

The Council launched its web site (www.us-egypt.org) in March 2000 during a Council meeting in Washington, DC with President Mubarak. The original objective of the site has not changed since its inception: it is designed to be a one-stop portal for objective, relevant, and timely information on doing business/investing in Egypt. The site organizes relevant information from other sources in a value-added, user-friendly format for the business/investment community. There is a limited amount of original content on the site - there are dashboards, press releases, letters, and other correspondence, and a few other documents produced by the Secretariat.

Like most web sites, it is continually updated. Information, links, and features are regularly added or removed when appropriate and/or necessary. The business-to-business feature, for example, designed to match businesses in Egypt with those in the US, proved unpopular and was removed from the site. The original news feature on the home page, which was very labor- and time- intensive to keep up-to-date, was replaced last autumn with a simple structure of fixed links to respected sources of Egyptian economic and business news. A page devoted to information and progress related to a US-Egypt Free Trade Agreement was added in 2001 when this issue became a priority for the Council.

The site is successful. In October 2000, the first month for which statistics are available, the site registered 25,844 hits, 3,274 page views (impressions), and 673 unique visitors. In October 2002 these numbers had jumped to 53,793 hits, 8,004 page views, and 5,363 visitor sessions. While there is no data about who is actually using the site, positive feedback has come from a variety of users, including reporters and journalists, diplomats at the Embassy of Egypt, students, Council members (both US and Egyptian), US companies interested in selling goods to Egypt, and others.

Suggested Areas of Improvement/Activity:

- Improve the overall aesthetic quality of the site, including putting more documents in .pdf format.
- Use the site to aid inter-Council communications, i.e., add a members-only area.
- Add Arabic text; make it a bilingual site or at least make some sections bilingual.
- Increase the involvement of the Egyptian members in providing content for and/or maintaining the site.
- Generate more specific data about web site users.
- Work on alliances with relevant organizations, e.g., the American Chamber of Commerce, to provide data for the site.

C2. Trade and Investment and Information Technology Dashboards

The Secretariat produces two dashboards, both of which are updated on a quarterly basis. The *Trade and Investment Dashboard* provides, in two pages or less, a quick snapshot of Egypt's economy. The *Trade and Investment Dashboard* is a popular report, especially among the US members of the Council. It has been used as a model for a similar dashboard produced by the US-ASEAN Business Council.

The *Information and Communications Technology Dashboard* was launched in March 2000 to track developments in Egypt's IT industry, which President Mubarak asked the Council to make a priority area in the summer of 1999. This dashboard was updated on a quarterly basis until December 2002.

Suggested Areas of Improvement/Activity:

- Identify new sources of high-quality, frequently-updated economic and trade information.
- Improve the overall design of the *Trade and Investment Dashboard* to make it easier to read.
- Use other USAID IT projects in Egypt as resources for information and communications technology information rather than producing the *Information and Communication Technology Dashboard*.

C3. Relationship between Council Members & Secretariat Staff

The Council selected by the US Department of Commerce and Egyptian Ministry of Foreign Trade in July 2002 has an esprit de corp not seen in the previous Council. During their meeting in Washington, DC in October 2002, the Council agreed to work together, set goals, and move forward with an agenda of activities that involves direct collaboration between members on both sides and avoids competing US versus Egyptian interests. The members were particularly eager to get the Free Trade Agreement (FTA) initiative moving - groups were formed to focus on advocacy efforts in the US and to create a roadmap to track FTA progress in both the US and Egypt.

Steve Farris, the US chairman of the Council, is new to the Council. He is an active leader. He travels frequently to Egypt, where he usually meets with US Ambassador David

Welch, Minister of Foreign Trade Youssef Boutros-Ghali, and Galal El Zorba, the Egyptian chairman of the Council, to discuss the Council's activities. In December 2002 he hosted a dinner for the Egyptian members of the Council in Cairo.

Mr. Farris frequently calls or sends letters to USG representatives apprising them of the Council's activities and/or urging them to begin negotiations for a US-Egypt FTA. He also sends letters to the US members urging them to participate in Council activities, such as meetings, trips to Cairo, letter writing campaigns and other FTA advocacy efforts.

The Secretariat has developed a good relationship with Mr. Farris and the US members of the Council. Mr. Farris has asked the Secretariat staff for advice on how to deal with certain USG offices, when to schedule a trip to Cairo and which GOE officials to visit, and when to schedule conference calls. The US members turn to the Secretariat staff for advice on how to deal with members with whom they disagree, to get more information or general contact information, and to suggest other resources to assist the Council in achieving its goals.

A number of returning members - both US and Egyptian - have noted that the current Secretariat holds most of the Council's institutional knowledge.

Suggested Areas of Improvement/Activity:

- Improve members' communications between major meetings/visits.
- Get more US members involved in Council activities, especially trips to Egypt.

C4. Relations with US Government Officials

The Council's relationship with US Government officials is very good; based on the number of interactions since July 2002, the relationship at present is probably the best it has ever been. On February 6, 2003, at a conference entitled "Egypt and the United States: Further Prospects for a Strategic Relationship," Assistant USTR Catherine Novelli mentioned the role of the US-Egypt Business Council four times in a ten minute speech. Based similar comments expressed over the past few months, it is clear that the US members of the Council are viewed by USG officials in Washington and in Cairo as an important group to help push US goals and objectives vis-à-vis Egypt, especially those related to trade and investment and helping to resolve the problems US companies encounter while operating in Egypt.

In the past six months, the Council has met with an unprecedented number of US officials, including Vice President Richard Cheney, Secretary of Commerce Donald Evans, US Trade Representative (USTR) Robert Zoellick, and US Ambassador to Egypt David Welch. The Council was particularly encouraged by the willingness of Vice President Cheney to meet with them, and the amount of time (one hour plus) that USTR Zoellick spent discussing the possibility of a US-Egypt FTA. The Council had never met with a sitting USTR prior to that meeting.

Since October 2002, a number of other high-ranking USG officials have participated in conference calls with the US members of the Council, namely Molly Williamson, Deputy

Assistant Secretary of Commerce - Near East Affairs; Elizabeth Cheney, Deputy Assistant Secretary of State - Near East Affairs; and Catherine Novelli, Assistant US Trade Representative - Europe and the Mediterranean.

The Secretariat has also developed productive working relationships with key Egypt-related staff of the Departments of Commerce and State, the US Trade Representative, and with the diplomats at the US Embassy in Cairo.

Suggested Areas of Improvement/Activity:

- Maintain regular conference calls with key USG officials.
- Organize a set of Council meetings with USG officials in Washington, DC - similar to the schedules arranged during trips to Egypt - on an annual basis.

C5. Relations with Government of Egypt Officials

According to Mike Gadbaw, US Chairman of the Council from 1999-2001, the Council rarely met with Government of Egypt (GOE) officials prior to October 1999, when a visit to Cairo brought the Council's relationship with GOE officials to a new level. Since that visit, the Council has worked diligently to develop its relationships with GOE officials - in both Cairo and Washington, DC - by traveling to Cairo to meet with select ministers and hosting roundtable discussions and other events for visiting GOE officials in Washington, DC and elsewhere.

The Secretariat has supported this effort by building solid working relationships with diplomats at the Embassy of Egypt and Egyptian Commercial Office in Washington, and by maintaining contact with key ministerial offices in Cairo.

Based on the meetings held with GOE officials during the Council's last visit to Cairo in January 2003, this work has paid off. From President Mubarak on down, the Council was thanked for the advice it has provided to both governments over the years, for keeping the spotlight on the benefits of a US-Egypt FTA, for highlighting problem areas, and for helping to solve specific company problems and/or issues. A number of ministers commented on the unique and vital role that the Council plays in improving the bilateral trade and investment relationship; all said they wanted to continue to work with the Council.

It is clear that the GOE values the Council's advice regarding decisions related to trade and investment policy, even though they may not always act on that advice. For example, the GOE has acknowledged problems related to the pricing of pharmaceutical products, but has not yet acted on the Council's advice to reconsider the policy. The GOE has, however, allowed the Egyptian pound to float, which the Council had been suggesting for a while.

Since October 2002, the US members of the Council have worked with their Egyptian counterparts and the GOE to build support for a US-Egypt Free Trade Agreement in the US. The US Council members and the Secretariat currently serve as a key resource in assisting Egypt's recently launched FTA advocacy campaign in the US. For example, the

US Council members and the Secretariat have suggested that Egypt:

- Reach out to wide range of US companies and industry associations;
- Expand its focus beyond Washington, DC;
- Hire a trade lobbying firm to help direct the advocacy effort;
- Organize a coalition of US businesses for FTA support;
- Create a web site to promote the benefits of a US-Egypt FTA and provide general outreach on the issue.

Since March 1, 2003, Egypt has adopted a number of the above recommendations.

Suggested Areas of Improvement/Activity:

- Meet with key GOE officials at least once a year in Cairo.
- Arrange events with GOE officials around the US to showcase business/investment opportunities in Egypt and build support for the US-Egypt FTA.

C6. Trade and Investment Framework Agreement and Free Trade Agreement Activities

The Council has been actively involved in progress related to a US-Egypt Free Trade Agreement (FTA) since July 1999, when Egypt expressed its readiness for an FTA by signing a Trade and Investment Framework Agreement (TIFA) with the US. The Council has constantly pushed Egypt to implement a number of economic and trade-related reforms, many identified by the US Trade Representative or World Trade Organization, as building blocks toward an FTA. The Council has tracked the reforms Egypt has taken via the *Trade and Investment Dashboard* and most recently via its *FTA Roadmap*. Council members have been invited to express the views of the private sector in TIFA meetings with representatives from the Office of the US Trade Representative and the Government of Egypt. They have also written letters to select US officials, including members of Congress, expressing their support for a US-Egypt FTA.

In October 2002 the Council made the negotiation, adoption, and implementation of a US-Egypt FTA its top priority, the theory being that the Council could work to resolve the various issues associated with improving trade and investment between Egypt and the US under the FTA umbrella. The Council agreed to distribute a press release formally endorsing a US-Egypt FTA, and to create two FTA-related working groups: one group to create an FTA "roadmap" to address the trade and investment issues identified as priorities by USTR Zoellick during the TIFA and Council meetings in October; and the other group to focus on soliciting support for a US-Egypt FTA within Congress and the Bush Administration.

In January 2003 the US members of the Council agreed to support a campaign in the US directed by the Ministry of Foreign Trade, the Embassy of Egypt in Washington, and a group of private sector businessmen in Egypt.

Suggested Areas of Improvement/Activity:

- Support work of the Council related to an FTA.

C8. Other Activities

In the summer of 1999 President Mubarak asked the Council to work on building Egypt's information technology (IT) sector and assist in the area of human resources development in general. In the area of IT, the Council:

- Initiated the Information and Communications Technology Dashboard to help track developments within the industry;
- Developed an effective relationship with Egypt's Ministry of Information and Communications Technology, which was created in October 1999; and
- Participated in the US-Egypt Electronic Commerce Task Force, which was inaugurated on March 27, 2000.

Most recently, the Council has adopted a plan to create an information technology outsourcing industry in Egypt similar to the one that has proved so successful in India. It is envisaged that this initiative will eventually be spun off as an independent non-governmental organization (NGO).

In the area of human resources development, the Council - mostly the Egyptian members - created an NGO called the Future General Foundation (FGF) to provide training programs for Egyptian professionals. The FGF currently has a very successful basic business skills program for recent university graduates, and an executive program for more senior-level managers administered with Harvard University.

Going forward, the Council intends to focus on the Mubarak Professional Development Program (MPDI), an internship program designed to expose young professionals to US management methods and practices via two to three month internships in US companies. The program, which is no longer affiliated with the FGF, but rather is administered via the Egyptian Council members, has had some problems getting off the ground, mostly related to difficulties finding suitable internships in the US and the quality of candidates coming from Egypt. Based on meetings with FGF staff and comments from US Council members, the Secretariat recommended that some changes be made to make the program more attractive to US companies. The MPDI program has been on hold since 2000; in 2004 the Council hopes to place 30 Egyptians in internships in the US.

Suggested Areas of Improvement/Activity:

- Help market the Mubarak Professional Development Program in the US.
- Help find internships for 2004.

C9. Linkages to Associations/Outreach

The Council has links with associations, trade groups, and think tanks. Before January 2001, when the Council decided to adopt a low profile due to its uncertain future, the Secretariat initiated contact with a number of organizations in the US and Egypt in an effort to reach out to the greater business community. Many of the organizations were contacted as a direct result of an upcoming Council-sponsored meeting or event with a

visiting GOE official in Washington, DC, or a trip by US members of the Council to Cairo.

Other organizations, such as the American Chamber of Commerce and Egypt Inc., shared similar goals and activities and were obvious partners to help coordinate events or serve as sources of information to be posted on the Council's web site. The Secretariat also reached out to possible FTA constituency bases, mainly trade groups such as the Agribusiness Council, US Association of Importers of Textiles and Apparel, and the Pharmaceutical Research and Manufacturers of America.

The Secretariat has not actively pursued an outreach campaign to organizations and/or associations since January 2001.

Suggested Areas of Improvement/Activity:

Develop a list of organizations and companies in the US interested in Egypt on a trade/investment/business level.

D. Financial Data for Delivery Order

The figures below cover the period February 2000 to February 28, 2003:

- Labor: \$822,311.07
- Other Direct Costs: \$112,200.52 (including G&A)
- Total: \$934,511.59

B. Macedonian Business Resource Center, TO #03

Start Date: January 1, 2001

Completion Date: May 31, 2003

Amount of Delivery Order: \$1,905,944.00

Introduction

In this quarter, the MBRC completed 100% of its benchmarks and requirements, and in a number of cases exceeded its benchmarks. This is noteworthy, particularly in light of the crisis and political and social instability during much of the period of the task order.

MBRC Transition Activities

The MBRC completed its transition activities with the establishment and legal registration of the final spin-off entities for its long-term self-sustainability. There are four new spin-off entities, which involve all of the remaining MBRC personnel. Two for-profit consulting companies, MBRC Consulting and CDS, and two not-for-profit associations/NGOs, MBRC-TI.net and MBRC-CDS have been formed. The MBRC previously incubated and spun off two successful consulting companies, MCG and Export Consortium. This makes a total of 4 consulting companies and 2 NGOs spun off from the MBRC. In addition, many MBRC professionals who have graduated from the

MBRC are in important positions in industry, government and academia.

The MBRC Chief of Party Michael Gold and Crimson Capital continue to provide support and input on an ongoing basis for the further development of these entities as independently sustainable legacy organizations to the MBRC.

During this reporting period the MBRC and its spin-off entities met with potential donor organizations, funding agencies and potential private clients to develop specific project ideas for proposals.

Business-To-Business Meetings

On March 17, 2003, a successful B2B meeting was organized in Prishtina, Kosovo, bringing the total B2B events to 22, exceeding the benchmark by 57%. Thirty Macedonian companies from the food processing, construction and textile sector had the opportunity to meet face-to-face with 200 companies that are potential partners from Kosovo, Serbia, Bosnia, Bulgaria, and Albania. The meeting was prepared in close cooperation between: MBRC, Macedonia; KBS, Kosovo; AATDA, Albania; GTZ, Albania; Promo, Bosnia; FLAG, Bulgaria; and MSP Institute, Serbia.

The Macedonian companies expressed their appreciation for the MBRC's assistance during the meetings and were very satisfied with the newly established contacts with trade partners. This B2B meeting was very important and useful, and proved that the factors impeding previous initiatives and closer business communication between the companies have finally been eliminated, and the companies can do crucial business with each other.

The business relationship between the Macedonian producer of electrical equipment, EMO, Ohrid, and the company Contact, Kosovo, which had been facilitated by the MBRC, was successfully completed at this B2B meeting. A contract was signed between the two companies with a total value of USD 435,596. In the following several months EMO, Ohrid will install distributive transformer units of 20KV/10KV for the needs of the distribution electrical network of Kosovo.

Trade and Investment

In this period, the MBRC successfully completed 22 trade deals with a total value of USD 818,836 and nine major investment projects involving companies from the manufacturing industries (metal, beverages, and packaging) and service industries (trade and hotel), with a total value of USD 8,349,500 (exceeding its benchmarks for the task order). The MBRC brought its total trade and investment to over USD 95,000,000.

Training

In this reporting period 13 training events were organized, 6 of which were held in Skopje, and 7 in companies located outside of Skopje. The MBRC organized 55 training events during the task order, involving over 900 participants.

Work with Women Owned Companies and Strategic Partnerships with Consulting Companies and Business Associations

The MBRC met its benchmarks in these areas, including helping develop and improve 10 local consulting companies and business associations.

Hosting/Organizing One Regional Trade/Investment Event in Macedonia and Participating in 10 International Events

The MBRC exceeded the benchmark for events in Macedonia by 500%, by co-organizing and co-hosting 6 major events, and exceeded the benchmark for participating in international events by over 200%.

Task Order Benchmarks

Benchmark	Year	Task Order Requirement	Achieved
Trade	2001	\$15,000,000	\$24,548,378
	2002	\$18,000,000	\$12,827,817
	Jan - Mar 2003		818,836
	Total:	\$33,000,000	\$38,195,031
Investment	2001	\$10,000,000	\$10,133,280
	2002	\$15,000,000	\$7,545,951
	Jan - Mar 2003		8,349,500
	Total:	\$25,000,000	\$26,028,731
B2B Events	2001	8	9
	2002	6	12
	Jan - Mar 2003		1
	Total	14	22
Training	2001 in Skopje	14	19
	2001 out of Skopje	6	6
	2001 total	20	25
	2002 in Skopje	25	13
	2002 out of Skopje	10	4
	2002 total	35	17
	Jan – Mar 2003 in Skopje		6
	Jan – Mar 2003 out of Skopje		7
	2003 total		13
	Total 2001 + 2002 + 2003	55	55
Work with women owned companies	2001	1	1
	2002	1	1

Total	2	2
Strategic Partnerships with consulting companies / business associations		
2001	5	5
2002	5	5
Total	10	10
Host one regional trade event in Macedonia during the task order (2001-2002)		
2001	1	2
2002		3
Jan - Mar 2003		1
Total	1	6
10 major international trade and investment events in 2001 and 10 in 2002		
2001	10	19
2002	10	23
Total	20	42

Additional Deliverables

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- **Define an e-commerce development strategy for Macedonia, and improve overall e-commerce in Macedonia**
 - Developed an e-commerce strategy for Macedonia within the first 60 days of the task order
 - Developed a sector guide on e-commerce business in Macedonia in March 2001
 - Throughout 2001, the MBRC supported the formation of the IT association in Macedonia
 - Co-hosted and co-organized the First Regional IT Conference
- Assist the Government of Macedonia (GOM) by facilitating introductions and communications with potential foreign investors for GOM proposed infrastructure projects
 - The MBRC established cooperation with the GOM regarding infrastructure projects. The MBRC designated one local professional staff (maximum 5% of its time), as the liaison and facilitator for those projects.
- ***Publications (2001 and 2002)***
 - Bi-annually, updated and republished the Sources of Finance in Macedonia.
 - Bi-annually, updated and republished the Investing in the Republic of Macedonia Guide.
- A. ***Authored and published Guide to Macedonian Export***
- **The MBRC Sector Guides** (Three sector guides to be produced in 2001 and three in 2002).
 - Electronic Commerce Guide
 - Agribusiness Sector Guide (Fruits and Vegetables)
 - Wine Guide
 - Textile Guide
 - Information Technology Guide
 - Leather Guide

B. Metal Processing Guide

Published seven Sector Guides. Part I: Reporting Period: January – March 2003
This part summarizes the MBRC activities for the reporting period.

Section I: Major Trade Accomplishments in Period

Agro Lapi, Kosovo - Kasa Inzenering, Macedonia

Kasa Inzenering was established in January 2002. Its main activity is aluminum constructions.

The MBRC was involved in finding serious suppliers for reflective glass. A deal of USD 70,000 was signed for 250m2 curtain wall.

Contact, Kosovo – EMO, Macedonia

The company was established in 1972. In the last 30 years it has been the leading Macedonian producer and distributor of electromechanical components and systems. Currently there are 3,000 employees, an excellent research and development team, and high quality products. EMO's products are sold in more than 50 countries around the world.

The MBRC has helped in establishing contacts with several companies from Kosovo and assisted in presenting EMO's products to these companies. The presentation helped the company Contact, Kosovo to establish the initial contact with EMO. After a short period of negotiation and examination on both sides Contact, Kosovo selected EMO to be their supplier of 20 distributive transformer units for reconstruction of distributive network throughout Kosovo.

The trade deal of USD 435,596 was signed at the B2B in Prishtina, Kosovo held in March 2003.

The delivery and installation will be performed in the next three months.

Total trade in the period: USD 818,836

Section II: Major Investment Accomplishments in Period

Kimico

Kimico from Struga, Macedonia, is a manufacturer of cotton-synthetic knitted fabrics and children's and women's apparel. The company was established in 1990 with 20 employees and since then it is has had continuous growth in operating capacity and in sales. By the end of 2001, Kimico had 640 employees and sales of USD 15 million. The main markets are the US and West Europe.

The MBRC has been involved in assisting the company in their investment activities since 1997, when the first business plan for the company was made. Based on the trust and confidence established between Kimico and MBRC, the cooperation continued in the following years, and has intensified in the last two years. Knowing the company well, the MBRC was able to always respond to Kimico's requirements for advice and assistance in a timely fashion.

The continuous cooperation resulted in several investments in 2002. Besides the one reported previously, in addition, around USD 1.8 million were invested in new plant and equipment, and an

additional USD 2.5 million in permanent working capital. The funds were acquired from several Macedonian banks.

The MBRC continues the successful cooperation with Kimico. Currently an updated version of the company's business plan was created, which is used in the negotiations with the EBRD (European Bank for Reconstruction and Development). With this activity Kimico plans to complete the investment cycle.

United Export

United Export was established in 1994. Sole activity of the company is international trade and export of wooden elements and different types of timber (beech, walnut, chestnut, and cherry). The company approached the MBRC seeking assistance in preparing the investment proposal and financial appraisal of the project, which also became the basis of the loan application.

Encouraged by the positive market demand, and the potentials for intensifying the co-operation with the Italian partners, the manager of United Export decided to invest in machines for manufacturing of higher value-added products. United Export will purchase the machines and install them in the plant of their partner company in Ohrid. The factory in Ohrid will produce the products, which will be exported to Italian market. The total value of the investment project is USD 120,000 and United Export will finance 17% from its own funds. The rest will be financed by a loan from Tutunska banka, which will be used 60% for purchasing machines and the remaining 40% for working capital.

Unibau

Unibau was established in 1990 as a small family business. It is now active in Kosovo, Macedonia, and Albania. The company is specialized in executing construction work and trade with construction materials. In the past, Unibau has been assisted by the MBRC in their efforts to penetrate into the Kosovo market. This time, the assistance requested by MBRC was to provide them with necessary information about producers of metal processing equipment.

The high demand for metal nets and sales volume reached last year convinced the owner to invest in the production of the metal nets instead of importing the material. The production plant is the warehouse where imported material was previously stored. The company used USD 170,000 of its own funds for the investment. The investment is mainly in metal processing machines.

Musli company

Musli Company is a family business active in production of bread since 1989. The company also has a plant for the production of juices. The MBRC introduced Pinarsut, one of the leading dairies in Turkey, to Musli Company and facilitated their decision to make a mutual investment.

For the past several years Musli Company has developed and established a very large and successful distribution network. Pinarsut will provide all the machines and experts for production of Yogurt and sour cream, while the production and the distribution channels will be provided by Musli Company. The total investment is USD 187,000.

Eurocom

Eurocom is a family business established in 1992, primarily as a transportation company. The company grew as an important supplier to various NATO contingents and other institutions in

Kosovo with gravel. Eurocom at the moment has a fleet of 17 trucks.

In the past three years, the MBRC has assisted the management of Eurocom in penetrating the Kosovo market with gravel. In order to maintain the position as an important player in this market, the management of Eurocom decided to take under concession a stone mine and started to produce gravel. The MBRC assisted Eurocom in finding the necessary processing equipment. The total value of the investment project is USD 289,000.

Svinjarska Farma

The company "Svinjarska Farma" (PIG FARM) is located in the village Cicevo, near Veles. The farm started its operations in 1980 as part of the Agrocombine Lozar from Veles. Since the beginning of 2002 the company exists as a separate entity with main activity growing of pigs. The pigs are destined for the local market. The current production in Macedonia is insufficient to satisfy the market demand. "Svinjarska Farma" is one of the largest companies of this type in Macedonia.

The company is registered as a joint stock company and currently employs 109 workers. The management approached the MBRC looking for assistance in preparing an investment proposal. The proposal was to be used for applying for a loan for permanent working capital. After the analysis of the company and its operations, the market, its size, the sales and related costs, the MBRC completed a bankable document - an investment proposal.

The investment proposal was used to apply for a loan from Rado Bank. After the examination of the program, the bank decided positively on the request and approved the amount of USD 750,000.

The MBRC will closely monitor the company's development and assist the management when necessary.

MAVROVO ADG

The construction company Mavrovo is a modern organization that works in the construction-engineering field, which includes all construction phases: research, design, implementation and final works. Most of the projects are carried out on the turnkey method. The company is registered as a joint stock company and currently employs over 3700 workers.

MAVROVO ADG is 85% private with capital of over 10 million USD and annual turnover of 30 million USD.

The management approached the MBRC looking for assistance in preparing an investment proposal. The proposal was to be used for applying for a loan for working capital for the realization of a specific construction project, the construction of a sewerage system around the Ohrid Lake. The customer is PROAQUA, a public company for water management and management of waste materials. Based on the needs of this project, the MBRC completed an investment proposal. The investment proposal was used to apply for a loan from Rado Bank. After the examination of the program, the bank decided positively on the request and approved the amount of USD 750,000.

Vinaris

Vinaris Uvoz-Izvoz Kavadarci was established in 2002 as a production, trade, services and transportation company. Its main activity is production and bottling of high quality wine with

geographic origin. The company has already acquired some equipment for producing wine and plans to complete its line through a bank loan.

The MBRC prepared an investment proposal for the company, which was submitted to Investbanka A.D. Revolving Credit Fund.

The company's total investment amounted to 40,000 EUR, which converted at a rate of USD 1.01 per EUR (according to the conversion rate from November 19, 2002) equals to USD 41,496. Of the total amount, USD 11,133 was company funds, and USD 30,363 was a bank loan.

From this project the MBRC sees an opportunity for future trade cooperation as well as association building.

LFM

The LFM Skopje is a production company established in 2001. It is 100% private company. The core activity is production of Ultra High Temperature (UHT) juices and milk.

The owner and the manager of LFM, Mr. Marijan Petroski, has 10 years experience in export of consumer goods on the Kosovo market working for Europa Mu-Me. More than 30% of the company's export was export of UHT juices and UHT milk. In the past two years considering the main data of Kosovo economy the trading partners from Kosovo were interested in importing cheaper milk with good quality.

The parameters important for the project were carefully analyzed and after one year of research the general manager, Mr. Marijan Petrovski decided to start with realization of the project. In 2001 the company bought the land and started with construction activities. These activities were financed by the company's own funds. The second part for completing the project started in May 2002 and included purchasing of equipment. The management engaged specialists for production of juices and milk to advise them in determining the best offered quality vs. price.

The LFM approached the MBRC in May 2002 with request for assistance in developing the feasibility study and financial analysis. The managers were interested to complete the whole research and financial analysis in one document for valuation of the project. The MBRC provided assistance in these areas which was utilized by the company. The company got a loan from the Japanese fund which purpose is support and development of different industries in Macedonia. The project consisted of two investment activities: 1) building and equipping the farm for milk cows; 2) production of UHT juice and UHT milk. The LFM needed an external source for financing for the purchase of East Freezian cows and modern equipment for production, sterilizing and packaging of juices and milk. The equipment that is selected meets the European standards for high quality products and needed capacity for production of milk and juices. The total investment size is USD 1,742,500, out of which 30% is financed by the company's own funds.

Total investments in the period: USD 8,349,500

Section III: Problems Facing MBRC and Client Operations (Examples)

In the first quarter of the year, the MBRC continued its persistent efforts to keep up the projected pace and succeeded in completing the Task Order, meeting or exceeding all requirements and benchmarks.

Section IV: Development Activities (Examples)

Development Activities

The development activities of the MBRC during the months of January - February were quite active despite the slow character of the month of January. Significant contacts between the MBRC and other donor organizations were done in order to meet all the benchmarks of the MBRC and in order to work toward sustainability of the future spin-off entities.

Events

Economist Conference

Second Business Roundtable with the Government of Macedonia

March 11 – 12, 2003 (venue: Holiday Inn Hotel, Skopje, Macedonia)

Economist Conferences is the leading provider of international business forums-conferences, management briefings and government roundtables. These high-quality, strategic events help senior executives promote organizational change, sustain competitive advantage and create enhanced shareholder value.

The Macedonian Business Resource Center as a Development and Marketing partner to the Economist Conferences can outline the following activities in preparation for the roundtable:

- Regional mailing to a top-caliber of 1,500 potential Delegates throughout South Eastern Europe.
- Fax reminders sent regionally.
- Advertising with as much local business groups as possible.
- Media releases and interviews.
- Airport and major Hotel promotion.
- Development of the agenda and program
- Development of a special panel on SME Development in conjunction with Crimson Capital

The Economist conference was held in Skopje at the Holiday Inn Hotel on March 11-12, 2003. With participants from all over the world and a high presence of domestic business elite, the new government representatives spent quality time giving presentations and answering questions. The MBRC and Crimson Capital initiated and helped organize the Second Business Roundtable with the Government of Macedonia. The MBRC also promoted the event, which resulted with triple participation in comparison with the First Business Roundtable with the Government of Macedonia, which was also initiated and organized by Crimson Capital and MBRC in 2001. With the PR/Media assistance of the MBRC, the media coverage was excellent, with coverage on TV, Radio and Print Media. Nenad Pecek, head of the Economist Conferences for the region, has already contacted Michael Gold, Managing Director of Crimson Capital and COP of the MBRC, to help organize the Third Roundtable based on the tremendous success of this recent one.

Media Coverage

ChamberNews, a bi-monthly magazine of the American Chamber of Commerce in the Czech

Republic.

With help and updated information provided by Mr. Jordan Damchevski, Senior Economic Analyst at the American Embassy in Skopje, the MBRC Team was able to compile an article in the AmCham newsletter. ChamberNews, a bi-monthly magazine of the American Chamber of Commerce in the Czech Republic covers the Chamber Matters as well as a country report, in this case the Republic of Macedonia. The edition of 1400 copies is distributed directly to company's representatives, other AmChams located in Eurasia, to the US Embassy in the Czech Republic and during AmCham Events.

The MBRC as well as the spin - off entities had very good publicity during the month of March with continuous media coverage. Most of the reports were connected with the up-coming Economist Conference that promoted the MBRC as a leading business services providing center in the country and the spin-off entities as the successors.

MBRC Graduates Report

The Development Staff finalized the brochure of all its past and present employees, their contribution to the project and their current employment and activities.

MBRC Graduates is a comprehensive and current publication that will serve as a powerful tool for future presentations as well as interconnection of all the MBRC employees. It demonstrates the strong sustainability and legacy effect of mentoring local professionals and providing them with the skills and experience they need to become leaders in industry, government and academia.

MBRC Web Page

The development staff of the MBRC was also very involved in the process of putting up an updated, functional and proactive web page that will include all the necessary information of the tremendous past and present achievement of the center. It will also serve as a business provider that will connect the future activities of the emerging entities.

Section V: Training Program Activities

• Seminars and Workshops

In the period of January – March 2003,

6	seminars were delivered at companies in Skopje
7	seminars were delivered at companies in locations outside of Skopje
13	total seminars were delivered in the period
48	participants total

Part II: Sub-Task Order # 03

This part summarizes the MBRC activities for the period January 2001 – March 2003

Section VII: Task Order Period to Date

Total value of the completed trade deals is	USD 38,195,031
Total value of the completed investment deals is	USD 26,028,731

Total number of seminars:	55
held in Skopje	38
outside of Skopje	17
Total number of participants:	918

Total effect on employment (numbers limited to that reported by companies)

Total Full-time:	305
Total Part-time:	63
Total Male:	198
Total Female:	170

Total Trade & Investment for the MBRC:

Total value of the completed trade deals is	USD 59,672,765
Total value of the completed investment deals is	<u>USD 35,493,624</u>
	USD 95,166,389

D. Ukraine Land Titling Initiative (ULTI), TO #811

Start Date: June 22, 2001

Completion Date: September 30, 2003

Amount of Delivery Order: \$10,838,975.00

I. January-March 2003 Quarterly Report

The Ukraine Land Titling Initiative project team is working on the following issues:

Agricultural Land Titling

Preparation of State Acts

As of this month, ULTI has assisted with the issuance of 368,000 State Acts for agricultural land (approximately 29,000 in February). Since December 2002, the Project has assisted with the issuance of 115,000 State Acts for agricultural land, showing that contracts signed in early 2002 are finally coming to a conclusion and resulting in the issuance of State Acts. Of the total number, some 219,000 were issued under ULTI contracts for pre-prepared State Acts and approximately 149,000 have been issued under ULTI contracts for new work. The team has verified that these State Acts are issued to land share holders. It is important to note that ULTI land survey firms could have issued many more State Acts over the past few months if not for the enforcement of the illegal Directive No. 23 issued by Derzhkomzem in September 2002. The Project team has verified that at least 234,000 State Acts have passed Stage 2 of our contracting phase, meaning that these State Acts are also very near to issuance to land share holders.

Contracting for Land Titling Work

Land surveys and preparation of State Acts continues under 85 contracts covering approximately 762,000 land shares (please see Table 1 for information on work under contract). The Project has additional resources to cover approximately 62,000 land shares (without any cancellations in

existing contracts). The Project has preliminary commitments in several oblasts to complete preparation of State Acts for an additional 40,000 land shares, which leaves funds in the Project budget to complete State Acts for approximately 22,000 land shares. The Project expects to cancel some land titling work in several oblasts due to political problems and gross violations of the provisions of the contract by some survey firms, which means that extra funds will become available to cover preparation of State Acts for even more land shares. The team expects that cancellations will total near 120,000 land shares, leaving funds to prepare State Acts for up to 142,000 land shares.

The Project cancelled four contracts in Sumy oblast, two with firm Geo and two with firm Kadastre. Much of the work under these contracts was completed, but the remaining work was cancelled because the two firms insisted on collecting additional sums of money from citizens in violation of the terms of our contract.

The price of preparing State Acts per Land Share Certificate continues to drop. Over the last 10 contracts the price has dropped to \$5.85 per Land Share Certificate. The drop represents an 11 percent decrease from the original ceiling price of \$6.60 per Land Share Certificate. The team expects further price drops in the future as competition among survey firms increases in tenders for new work. The team is preparing a tender in Zhytomyr oblast in the very near future, and hopes to see multiple firms bidding on each tender package thereby driving down the price for preparation of State Acts even further.

Collaboration with ULRMC on Purchase and Use of Satellite Imagery

The ULTI team has determined that purchase of satellite imagery using the ULRMC funds is no longer the best use for these funds. At this time, ULTI is near completion on a substantial portion of its land titling work in many oblasts. This fact makes the purchase of satellite imagery not very useful for Project purposes. ULTI is working with the Zhytomyr oblast authorities to prepare a proposal to use ULRMC funds to purchase aerial photography as an alternative to the purchase of satellite imagery and intends to present its proposals to USAID in April 2003. Section III below on Significant Accomplishments, Problems, and Other Issues gives a description of this matter and ULTI's alternative proposal.

Cooperation with World Bank on Agricultural Land Titling

In March, the ULTI team prepared a detailed concept paper on proposals for cooperation with the World Bank on its proposed Rural Land Titling and Cadastre Development Project. The team drafted its concept based on several conversations with World Bank officials in which the Bank indicated that it would consider accepting technical assistance for its project from USAID and ULTI in particular. The concept paper explained tasks that the ULTI project is best suited to undertake as part of technical assistance that USAID could offer to the World Bank. The paper was given to USAID on March 14.

Preparation of Land Titling Instructions

The Verkhovna Rada passed the legal team's draft Law on Allocation of Land Shares in Kind in first reading with 308 votes. No second reading has occurred yet. If passed in its current form, it will be a significant improvement and simplification to the process for preparation and issuance of State Acts to agricultural land.

Cooperation with Swedish NSDI Project to Develop New Parcel Identification Numbering Scheme

Cooperation between ULTI and NSDI is proceeding well. ULTI signed a contract with a Ukrainian firm, GeoSystems, which is processing the cadastral index maps for Ukraine in accordance with the revised schedule in the ULTI/NSDI cooperation agreement. To date, the firm has delivered completed village rada boundary maps for eleven oblasts, and continues to work rada boundary maps for six more oblasts.

Collection of Land Titling Data in Electronic Format

The Project has signed a contract with ILS Ukraine to develop the software necessary for the testing and viewing of data for the Land Title Data Archive (Archive). Data received from survey firms and laid over free satellite imagery downloaded from the internet, at least in preliminary examinations, appears to be in relatively good order. Most of the parcels and fields seem to correspond with existing parcels and fields shown on the imagery. However, since there are cases where there appear to be errors in the data, it would be better if the verification occurred prior to the printing of the State Acts. As a result, the ULTI team is determining whether it can amend the contracting process to conduct the verification of data prior to the printing of the State Act. In this case it might be worthwhile to add certain capabilities to the processing and verification software, namely to edit data on the State Act and to print the State Acts themselves.

The software development work should be done by mid-April 2003, after which each of the land survey firms will receive a copy of the software to use in relation with the Project and its activities. The firms will conduct their own testing and verification of the data they submit to the Project for storage in the Archive before final payment. After this version of the software is completed, the team will assess determine whether it can amend the contacting process to strengthen the process and further minimize errors in the information being stored in the Archive.

Trouble Shooting

The team has spent much time over the last few months resolving political and procedural problems related to titling agricultural land. Problems that need resolution include getting completed State Acts, whose issuance has been delayed due to Directive No. 23 or some other reason issued; stopping collection of additional sums of money by land survey firms or raion officials from land share holders; resolving questions related to the distribution of environmentally sensitive lands in Lugansk oblast; and conducting public information campaigns to battle misinformation in several oblasts. More detail on some of these serious issues is described in Section III Significant Accomplishments, Problems and Other Issues.

Non-agricultural Land Titling

Issuance of State Acts

As of the end of February 2003, (the last full month of statistics available at the time of this report) 6,650 State Acts were issued as a direct result of the Project's activities, with 418 State Acts issued in the month (91 percent of the monthly goal of 460 State Acts). Of the State Acts issued in the month, 36 were issued on land parcels purchased before August 1, 2001 and 382 on land parcels purchased after August 1, 2001. The total value of land parcels to which State Acts were issued this

month is UAH 10.165 million. Enforcement of Derzhkomzem Directive No. 23 and a Ministry of Justice's letter to notaries regarding the fact that local radas should present a State Act to land during privatization sales (a ridiculous statement because no local radas have such State Acts) continue to cause problems for the NALT component of the Project. More information on the status of Directive No. 23 and the Project's effort to cancel this illegal regulation, as well as the Ministry of Justice letter to notaries is presented in Section III of this report.

This month, twelve regional coordinators reached 100 percent or more of their monthly targets and eight regional coordinators failed to reach even 50 percent of their monthly target for issued State Acts. Table 2 gives complete data on the number of sales, number of State Acts issued, and revenue generated from land sales by the Project team since it began working in this area in July 2001. Annex 2 to the report shows information on the results of land privatization activity and issuance of State Acts by oblast for the last month. Sixty-nine of the State Acts issued in the last month were for "secondary sales" of non-agricultural land. There are a total of 552 "secondary sales" on which State Acts are issued as of this month.

Managing the network of regional coordinators

The Project held its monthly meeting of regional coordinators on March 18, 2003. At the meeting the regional coordinators discussed the problems they are encountering due to Derzhkomzem Directive No. 23 and the Ministry of Justice letter regarding the requirement for local authorities to present to the notary a State Act to land when privatizing an urban land parcel through a land sale. Regional coordinators expressed their frustration with the continued obstacles, but are determined to continue onward in the effort to privatize non-agricultural land parcels. Other issues discussed during the meeting included:

- Results of NALT activity in February 2003;
- Promotional activities in oblasts and raions;
- Policies and procedures for the implementation of the Land Auctions Program;
- Development of a national association of real estate agents (among the regional coordinators);
- Results of the poll of regional coordinators impressions on the status of land privatization; and
- Status of draft laws in the Verkhovna Rada related to land privatization.

Proposals for Development of a National Association of Real Estate Agents

In recent months, the regional coordinators have been discussing the idea of establishing an Association to consolidate and utilize their unique skills and national presence. Regional coordinators exerted significant time and energy to discuss and strategize about this topic at meetings both nationally in Kiev and regionally in the oblasts. The reason for this initiative is that the regional coordinators do not feel that the League for Land Market Development, which was a product of the original UKRels project, has served their needs well. Many regional coordinators believe that the League provides the network with little value, yet still requests supporting payments from individual coordinators. The Project has developed an action plan to bring this issue to closure, one way or another, and make a final decision regarding whether the ULTI Project will support the initiation of this new Association. The recommended steps are:

1. Divide the regional offices into logical groups, west, central, and east (or some other logical regional division).

2. The groups should meet once at a regionally central location in their respective regions for a one-day meeting specifically to discuss the issue and reach conclusion on whether they want to create the Association or not.
3. Prior to the regional meetings, each region will appoint a chairman for the meeting to undertake the organizational responsibilities of the meeting. The regional meetings should occur in early April.
4. The result of the meetings should be answers from the group to the following questions:
 - a. What purpose would the Association serve? Specifically, what will it do for its members?
 - b. How should the Association be managed?
 - c. Must the Association be a legal entity to provide the needed benefits? If so, what type of legal entity?
 - d. How should the Association be funded?
 - e. What, if any, relation should the Association have to the League?
5. After the regional meetings, there should be a meeting of (or discussion between) the regional chairmen to inform each other about the results of their regional meetings. At this time the regional chairmen should appoint a national chairman who will organize a national meeting of all regional coordinators. The national meeting should take place soon after the regional meetings.
6. The purpose of the national meeting is to consolidate the information from the regional meeting and to provide final answers to the questions raised at the regional meetings. It is important that answers come from the regional coordinators themselves and not be driven by ULTI project managers.
7. If the meeting fails to produce a consensus and generate concrete answers, ULTI should abandon any idea of supporting a national Association. Failure to come to a consensus after the foregoing efforts would be a likely indication that the idea is faulty or there is insufficient commitment to it.
8. If the meeting produces clear and complete answers to the necessary questions, the participants in the meeting should adopt a strategy for preparation of a clear action plan to establish the Association. The participants in the meeting should appoint a committee to draft an action plan with specific tasks assigned to certain individuals and target dates for completion. The ULTI team will support the drafting and implementation of the action plan, but the regional coordinators should complete the specific tasks themselves.

Measures to Accelerate the Issuance of State Acts

The team has adopted a number of actions to accelerate the issuance of State Acts to non-agricultural land. First, the team continues to use the installment contract under which the State Act to land is issued once the land purchaser makes the initial payment.

Second, the team's activity to promote land auctions continues successfully. In March, the city of Shatsk in Volyn oblast conducted a land auction at which it sold 23 land parcels. The team also prepared its strategy to promote land auctions and will begin implementation of that plan in April. The plan offers financial and legal support to local radas that are willing to hold land auctions before July 1, 2003. The Project intends to select one local rada in each oblast to participate in the program via a tender (deadline for a local rada to submit an application to participate in the program is April 18, 2003). The ideal result will be the successful completion of at least one land auction in every oblast by July 1, 2003.

Third, to increase a number of State Acts issued, in November 2002 the Project team started to implement a new incentive plan. The plan has yielded real increases in output, in spite of the enforcement of Directive No. 23 and other obstacles that are stopping progress on State Act issuance and making the incentive plan less effective at stimulating increased production. Over the last four months (Nov 2002 – Feb 2003) the total number of State Acts issued has increased by 17 percent as compared to the previous four months. In thirteen oblasts, the increase has been greater than 25 percent. The table below shows the progress in real and percentage terms by oblast.

Promotional Campaign

In March, the regional coordinators continued holding local seminars for the representatives of enterprises and local governments. Raional seminars for the heads of local radas and state administrations were held in Donetsk (1), Kherson (1), Ternopil (1), Vinnitsa (2), Volyn (1), Zaporizia (1), and Zhytomyr (2). Regional coordinators developed and implemented other types of promotional activity as well, including a television program in Poltava City, newspaper publications in Lugansk, Poltava, Rivne, Vinnitsa, and Volyn, and publication and distribution of brochures in Volyn and Zaporizia. The second issue of the newsletter is done and has been given to regional coordinators to distribute to entrepreneurs and local radas in their oblasts.

Site Visits to Regional Offices

Chernigiv (March 14-15, 2003)

The main purpose of the trip was to negotiate with local officials on accelerating the land sales process in the oblast and to resolve some of the fundamental problems that have slowed drastically the issuance of State Acts in the oblast. During the trip the meetings were held with the heads of Chernigiv oblast and municipal departments for land resources. The following issues were discussed:

1. Measures to increase the number of land sales in the oblast. The two sides agreed to hold a more active promotional campaign on land privatization for entrepreneurs. The oblast officials showed real interest in holding the seminars for the local radas and enterprises on land privatization.
2. Status of Directive 23 implementation. The oblast department of land resources explained that because of the low level of technical sophistication in raional departments of land resources, the Directive has caused serious problems with the issuance of State Acts (currently about 20 State Acts are blocked). The sides agreed that all measures possible to issue those State Acts would be undertaken in the near future.
3. Installment sales of land parcels. The sides agreed that the model form of installment land sales contract, as developed by the Project; would begin to be used in the oblast. Additionally, the Project's detailed recommendations on the procedure for issuance of State Acts would be introduced.
4. Land Auctions Program. Recently the Oblast Rada approved the Regulation on the procedure for land auction and the Chernigiv Municipal Rada began preparation to sell three land parcels through an auction. The NALT Manager provided the local department with a number of recommendations on the organization of the land auction.
5. Issuance of State Acts in the Oblast center. With assistance of the NALT regional coordinators, five land parcels have been prepared for approval to sell by the municipal rada.

Taking into account the importance of this issue (so far only one land parcel was sold in Chernigiv City), the NALT team agreed to prepare for the local rada all necessary statistics and analytical information on the land sales in other cities of Ukraine.

Ternopil (March 27, 2003)

The main purpose of the trip was to participate in the seminar on the non-agricultural land privatization, organized by the Project and the Ternopil Municipal Rada for the mayors of the cities and towns of Ternopil oblast. Approximately 30 people participated at the seminar and heard information on the following topics:

- Benefits of land sales to the local radas;
- Legal issues related to privatization of non-agricultural land;
- Goals and objectives of the ULTI Project and the status of non-agricultural land privatization throughout Ukraine.

At a meeting with Mr. Golyk, head of oblast department for land resources, the team discussed manners by which to accelerate land sales and the issuance of State Acts. Mr. Golyk agreed to develop and provide the Project with specific proposals on the measures to improve the results of non-agricultural land privatization in the oblast.

Khmelnitsky (March 19-20, 2003)

The team lawyer participated in a seminar for the deputies of the oblast rada. He spoke about the specifics of privatization of non-agricultural land parcels. At the seminar, the lawyer also raised the issues associated with the letter from the Ministry of Justice that requires notaries to notarize land sales and purchase contracts only on the basis of a State Act showing the local rada as landowner. At the seminar, the lawyer explained that the MOJ letter is not logical and incorrect legally. More on the letter from the MOJ is detailed in Section III on Significant Accomplishments, Problems, and Other Issues.

Analysis of Value of NALT Activity

In past monthly reports, the Project has updated USAID on the significance of local budget income generated by the NALT component of the Project. Municipalities use these funds for social and economic development programs across the breadth of Ukraine. Past reports have highlighted the impact and importance of this income. Below is additional information testifying to the value of NALT activity as it relates to the effective use of project funds.

- 1) For every \$1 spent on NALT activity, \$5.20 is generated for municipal budgets. In most cases, these ULTI-generated funds provide municipalities' only source of social and economic development financing. By any standards, this 5.2 to 1 ratio represents remarkable leveraging by ULTI.
- 2) Between 12 and 15 percent of the titles issued each month are for secondary sales. This is the best indicator that a land market is forming in Ukraine, even in the absence of critically needed land financing.
- 3) A recent ULTI national survey shows that across Ukraine the interest of entrepreneurs to purchase their enterprise land continues to increase. This is a strong success-indicator. As more enterprises gain exposure to ULTI, the more interest increases in the non-agricultural land titling work of the Project. It also indicates that the broad ULTI outreach effort is succeeding.

- 4) At its current rate of production the NALT component generates \$105,531 every working day for local budgets around Ukraine.
- 5) In a startling measure of current efficiency, all expenses (ODCs, local personnel, and expatriates) associated with the NALT component total approximately \$66,400 per month. This level of AID program investment now generates \$2,321,696 for local municipal budgets per month, and this local budget generation level continues to rise over time.

These results are remarkable and should be of interest to USAID to use this information as proof of the impact that the Project has on strategic sector development in Ukraine.

In addition, reporting the total of non-agricultural land State Acts issued in a given month to USAID does not give a complete picture of the progress made and work done that month by the NALT component. There are constantly State Acts in the ULTI pipeline that the Project must manage. One example is that the NALT component first must assist in completing a land sale prior to issuance of the State Act. In many cases, these land sales are paid for in installments. Usually local practices prohibit issuance of State Acts for these land sales until the final payment is made by the enterprise, which may be scheduled for up to three years in the future. Thus, while the bulk of the work has been done (accomplishing the land sales transaction) to generate a State Act, the team cannot claim credit for a completed transaction for which a State Act might be produced well after the project itself is terminated. Since installment sales are a rolling phenomenon – a number of new ones are generated each month – there is a constant pipeline of such unreported accomplishments. Currently, the Project has 444 installment transactions in process (sales completed but not State Act issued due to installment payments).

Another example is the fact that in over 520 cases, NALT regional coordinators have completed the land sales but have to deal with bureaucratic problems at the local level to get the State Acts issued to the enterprise. Issuance of a given State Act can take months, and the type of problems to be overcome in the process are numerous, varied, and unpredictable.

Therefore, one can note the following as achievements by the NALT team:

- 1) The NALT component, in its Monthly Reports to USAID, has not provided a sense of its overall work production. In addition to the reported number of State Acts issued each month (now averaging 20.4 per working day), in any month the team assists with nearly 1,000 land sales in the process toward issuance of the State Act.
- 2) By successfully establishing the process of non-agricultural land sales by installment payments throughout Ukraine, the NALT team has in fact produced the first and only official land-financing program in the country. The team has quietly and systematically installed this practice in every region of Ukraine. While this also does not lend itself to monthly statistical reporting, it represents a unique and critically important accomplishment that should be recognized as an innovative form of land financing.

Legal and Regulatory Work and Legal Aid Program
Draft Legislation, Comments, and Position Papers

- Draft Law on Allocation of Land Shares in Kind. The law passed in its first reading with a total of 308 votes. Derzhkomzem's version of the same draft law received only 33 votes. No second reading has occurred yet.

- Draft Law on Private Family Farm. The ULTI draft of the law was registered in the Verkhovna Rada in September. No further action on this draft law.
- Draft Law on Land Market. The team has finished its alternative draft version of the law and the accompanying explanatory note. Mr. Tomych introduced the law into the Verkhovna Rada in March 2003.
- Draft Law on Land Mortgage Bank. The team's senior lawyer is part of the agricultural committee's working group on this draft law. As such, ULTI is the main drafter of the land bank draft law. Work on this draft continues.
- Draft Law on Land Survey. The draft was voted upon in January and a version that was introduced as an alternative to the Derzhkomzem version (which was rejected) was passed in first reading. The team continues to work on suggested amendments to the draft accepted in first reading. Unfortunately, other laws have taken priority, delaying the completion of work on this draft law.
- Draft Law on Introduction to Changes in the Land Code. The team's lawyer worked with the Verkhovna Rada legal department on the draft. No further information is available.
- Draft Law on State Survey Expertise. The ULTI draft of the law was registered in the Verkhovna Rada in September. Mr. Tomych made the initial presentation on this draft in December. No voting date is scheduled for this draft law and it is not on the priority list because the draft was not submitted to the Verkhovna Rada by the government, but rather was submitted upon the initiative of Rada Deputy.
- Drafting of a law on the protection of rights of land and property share owners. The team has prepared a draft and the explanatory note and given it to a deputy in the Verkhovna Rada. No word on whether the law had been officially registered in the Verkhovna Rada.
- Draft Law on Delimitation of Land into State and Communal Ownership. A version of this draft supported by the Association of Ukrainian Cities was passed in first reading. The version is acceptable, but could be substantially improved by adoption of some ULTI recommendations and amendments. In general deputies that are members of the Association agree with our recommendations, but no progress has yet been made on introduction of changes to the draft passed in first reading.
- Draft Law on Taking of Privately Owned Land for Public Purposes. The Project prepared a new draft of this law, along with an explanatory note, and gave the documents to a Rada Deputy for official submission to the Verkhovna Rada. The agricultural committee had a lively discussion on the two alternative draft laws at which the ULTI lawyer answered many questions about our version of the draft. In the end, the committee decided that a working group should be formed to integrate the two drafts into one draft law that could be supported by all committee members. The working group includes the ULTI lawyer.
- Draft Law on State Control Over the Use and Protection of Land. The draft law was passed in first reading in the Verkhovna Rada after the Prime Minister asked for the support of agricultural committee deputies. The draft is horrible and establishes the "land police" complete with uniforms, cars, and immunity from prosecution for officers of the agency. The team is trying to use the mass media and newspapers to bring attention to those clauses that establish bad policy or give excessive power to agencies that should not have it. The team has prepared detailed comments and suggested amendments to the government draft accepted by the agricultural committee and will use these as a basis to promote changes to the existing draft law.
- Draft Law on Lease of Land. The team finalized comments to the draft law, based on comments of the legal team.

- The team lawyer prepared a position paper and commentary for the Ministry of Justice on the draft Cabinet of Ministers' Resolution on the Introduction of Additional Fee Services by Derzhkomzem. This Resolution was drafted in response to the Presidential Decree on Establishing the Unified Real Estate Registry as part of the State land cadastre under Derzhkomzem.
- The team prepared a position paper and legal analysis on the Ministry of Justice's letter on the requirement for notaries to notarize land sales contracts between the local rada and a privatizing organization only on the basis of a State Act. Several regional coordinators have arranged to use this position paper as the basis for law suits against the position of the MOJ in this matter. The coordinators expect that the local courts will declare the actions of local notaries, based on the MOJ letter, illegal. The team lawyer also prepared an explanatory note for regional coordinators regarding actions to take in case notaries improperly refuse to notarize land sale contracts based on the MOJ letter.
- There has been a partial resolution to the work stoppage caused by the enforcement of Derzhkomzem Directive No. 23, however the Directive continues to cause major problems for the Project. Our lawyers have prepared a position paper and sent numerous letters to oblast departments of land resources explaining that the Directive is illegal and should not be enforced. Letters were sent to the heads of oblast departments of land resources in Kherson and Chernivtsi. The Project continues to ask for USAID's immediate political assistance to get the Directive cancelled. Please see Section III below on Significant Accomplishments, Problems, and Other issues for more details.

Simplification of Land Titling Procedures

The legal team continues to promote the Law on Allocation of Land Shares in Kind as the means to simplify the existing land titling procedures. The Verkhovna Rada passed the ULTI draft of the law in first reading in February 2003 with 308 votes, compared to 33 votes for the version of the law prepared by Derzhkomzem. No second vote has occurred to date.

In Kherson oblast, the legal team has been working with the oblast department of land resources to clarify issues related to a methodological recommendations issued by the department on the titling of land under perennial plantings. According to our lawyers, the existing recommendations of the oblast are not legally correct and are delaying the titling of land under these perennials in several villages. The team lawyer prepared a position paper on the problems with the existing recommendations and sent it to the oblast department of land resources.

USAID – GOU Working Group to Address Land Titling Issues

There has been no working group meeting since its formation. At this point it appears that there is no political and administrative will to convene the working group. Unfortunately, the working group has not provided any meaningful political support or guidance to the Project and has not exercised any positive influence to stop abusive and corrupt actions of Derzhkomzem to obstruct progress of the Project.

Environmental Issues

USAID approved five of the six tasks in the ULTI proposed IEE Implementation Plan submitted to USAID in April 2002. One task is still under debate by USAID. The team has prepared the environmental brochure for the public. The brochure should be printed in February and distribution should begin shortly thereafter. The final task for the Project is to organize a public

hearing or a seminar in early 2003 to get comments on the environmental information it will distribute to the general public. In addition, the Project prepared a policy (attached as Annex 3) for dealing with environmentally sensitive lands in Lugansk oblast. The Project learned that substantial portions of agricultural land of the former CAE's was degraded and needed to be reclassified. As a result, the Project team in cooperation with the private land survey firm worked out an acceptable policy and procedure for reclassifying such lands and preparing State Acts to the land, and is finalizing the plan to implement the policy.

Program for Legal Aid to Landowners

In March the legal aid program officially opened two of its offices, even though all offices are already working and their staff visiting villages and raions to promote the services of the centers and learn the real problems of new landowners. The first official opening ceremony occurred in Chernigiv on March 20, 2003 and the second ceremony occurred in Rivne on March 27, 2003. One day prior to each opening the team participated in live radio interviews to introduce the objectives of the center and the target base of clients to be served. At each of these openings the team conducted a ribbon cutting ceremony and a press conference, after which followed a small reception for the government officials and members of the team. Three other centers (Vinnitsa, Kherson, and Ternopil) are due to officially open in April 2003.

The Project held its monthly meeting for staff of the legal aid centers on April 1, 2003. At the meeting, the teams discussed cases handled over the month, results achieved, and improvements to services the centers offer to citizens. The team manager also discussed reporting requirements, case monitoring, and client representation. The results for the first month of activity of the legal aid program are shown in Table 4.

The team manager has instructed each team to put together a program (including handout materials) for a seminar on a difference topic. These themed seminars will be tested in the field and refined, after which the format will be used by the other legal aid teams to conduct seminars on all topics in each oblast. The topics for these themed seminars are: how to conclude a land lease agreement, taxation of land and agricultural production, inheritance of a land share or land parcel, the importance of receiving your State Act, and procedures for exchange of land parcels.

In addition to the official opening of the legal aid centers in Chernigiv and Rivne in March, the legal aid manager traveled to Kherson and Vinnitsa to resolve problem issues and to monitor the progress of the teams in those oblasts. As part of the trip to Kherson, the manager identified candidates for the open lawyer position and subsequently hired one candidate to fill the position. The manager and the team in Kherson also worked diligently to resolve the issue with private survey firm Staso in the Tavriskia village rada in Goloprystansky raion where it appears that nearly all citizens previously paid 85 UAH to get their State Acts and now the Project is paying for these State Acts again. The team is also working on comments to the Kherson methodological recommendation on distribution and titling of land under perennial plantings. In Vinnitsa, the team and manager met with the head of the oblast department of land resources to discuss support for the legal aid center, and also met with the Podilsky Center for Human Rights, which seeks to offer legal services to citizens for a fee, to discuss possible cooperation. Our team reports that the Podilsky Center has a questionable reputation and is based on fee for services that most rural citizens cannot afford to pay, and therefore has concluded that cooperation at this time is not optimal.

Public Education and Outreach

Activities this Month

In March, the Public Education team spent most of its time organizing the formal opening of the legal aid centers in Chernigiv and Rivne oblasts. The team finished distribution of the brochures on agricultural land titling issues and the Project magazine to our distribution agents. It also continued its correspondence campaign with heads of village radas, raion officials, and oblast officials by sending over 150 letters to officials in no less than ten oblasts.

The team continued its cooperation with radio program *Agronovini* and the television program *Silskiy Chas*. The team developed four television spots for *Silskiy Chas*. The spot aired on March 9 was dedicated to the titling ceremony in Zhytomyr oblast on February 27; the March 16 spot aired interviews with villagers and their need for legal support on land issues in Kherson oblast, The March 23 spot showed preparations for the opening of the legal aid center in Kherson oblast; and the March 30 spot highlighted the opening of the legal aid center in Chernigiv.

The team continues coordinating the Project's public information campaign, using information agents and NGO's in the villages of Volyn, Odessa, Zhytomyr, and Lviv oblasts. Additional information packages are being delivered to villages in Kherson and Zaporizia in response to several problems that the Project has encountered in those oblasts.

To increase the flow of information to rural citizens, the team is preparing a plan to blanket all villages included in the Project with a massive information campaign. The campaign will begin in late April or early May and will be based on an analysis of the progress of work in village radas. Those radas that have passed through Stage 1 of the land titling process will receive one set of information from the agents. Radas that have passed through Stage 2 of the land titling process will receive a different set of information, etc. The information packets are designed to focus on specific issues and identify potential problems throughout the land titling process. Using this information, the team hopes to get more reliable information into the hands of rural citizens, learn in greater detail about any systematic problems in the land titling process, and promote the activities of the legal aid centers and the Project in general throughout Ukraine. The campaign will include site visits to village radas, delivery of written information materials, use of radio and television broadcasts, a letter writing campaign, and publishing of articles in local newspapers.

Other Events this Month

- March 19-20, 2003 – Official opening ceremonies for the legal aid center in Chernigiv. The opening included radio and television interviews on March 19 and the official ceremony with government officials and the press on March 20.
- March 26-27, 2003 – Official opening ceremonies for the legal aid center in Rivne. The opening included radio and television interviews on March 26 and the official ceremony with government officials and the press on March 27.

II. PROGRESS ON MEETING THE MONTH'S GOALS

Agricultural Land Titling

1. Continue verification and payment activities for existing contracts. – *Verification and payment activities continue.*
2. Continue preparation and testing of the software for the Land Title Data Archive. Receive additional digital datasets from subcontractors. – First version of the software is completed and presently the ULTI team is working with ILS to test and debug the software. ULTI expects that the software will be in use in April 2003.
3. Prepare a formal proposal for use of the \$0.5 million budget that ULRMC is supposed to devote to support of the ULTI Project. The team is working with authorities in Zhytomyr oblast to determine if conducting aerial photography and preparation of base maps for land titling purposes is appropriate in the oblast. – *A draft of the proposal is completed and will be presented to USAID and ULRMC for discussion in April 2003.*
4. Complete the concept paper that describes the potential areas of cooperation between USAID and the World Bank on its rural land titling and cadastre development project. – The team prepared a concept paper and recommendations on potential cooperation between USAID and the World Bank on implementation of its rural land titling project.
5. Coordinate verification of issuance of State Acts in oblasts where contractors report that work is completed. Conduct training of teams that will conduct such verification, including testing a special team organized for this purpose based in Khmelnytsky oblast. – The team intends to conduct a special training session for the Khmelnytsky independent team, and hopes to begin using the team in the near future as another independent team for verification of State Act issuance to rural citizens.
6. Hold titling ceremonies in Vinnitsa, Ternopil, Zhytomyr, Poltava, and other oblasts. – Project representatives attended titling ceremonies in Ternopil and Lugansk in March. No USAID officials accompanied team representatives on any of these trips.
7. Resolve problem issues in Poltava, Lugansk, and Zaporizia. – The team appears to have resolved the problems in Lugansk oblast, and is continuing its work to resolve issues in Poltava and Zaporizia.
8. Investigate reports of the collection of additional money from land share holders and organize the distribution of public information (that there should not be any collection of additional sums of money from land share holders) in selected raions of Kherson, Zaporizia, and Chernigiv oblasts. – The team organized the distribution of *public information in these oblasts.*

Non-agricultural Land Titling

1. Conduct at least two visits to regional offices. – The team conducted site visits to Chernigiv, Khmelnytsky, and Ternopil.
2. Continue holding local seminars on non-agricultural land sales for enterprises and local governments. – Nine local seminars took place in the month and one oblast seminar occurred in Khmelnytsky.
3. Finalize a detailed plan for the implementation of the land auctions program. – The team prepared a plan to promote land auctions and tenders. The program is described in Section I above.
4. Distribute the second issue of the NALT newsletter. – The second issue is printed and being distributed by the regional coordinators.
5. Begin preparation of a special issue of the NALT newsletter dealing with land appraisal issues. – Preparation of the contents of this special edition of the NALT newsletter has begun.

6. Print and distribute the How-to Manual on Land Auctions. – The Land Auctions manual is still in preparation and should be completed shortly to be distributed to local radas that wish to take part in the land auctions promotion program.

Legal and Regulatory Work and Legal Aid Program

1. Submit to Verkhovna Rada the alternative versions of the draft Law on Land Markets. – The team gave its version of the draft law to Mr. Tomych in the Verkhovna Rada. Tomych introduced the draft officially at the end of March.
2. Prepare Verkhovna Rada deputies for the full plenum debate on the draft Law on Taking of Privately Owned Land for Public Purposes. – The team prepared for debate on this draft law in the agricultural committee. The committee decided to create a working group on the draft to integrate the government version and the ULTI version of the drafts. Our attorney is part of the working group on this draft law.
3. Submit the ULTI recommendations for amendments to the draft Law on State Control of Use and Protection of Land to Verkhovna Rada deputies for introduction into the parliament. – The team prepared recommended amendments to the draft, but has not yet been successful in getting a deputy to promote these amendments. The team will also try to use the press to spread the word about the bad provisions of the draft law.
4. Continue efforts to secure the cancellation of Derzhkomzem Directive No. 23. Continue to lobby USAID and US Government officials to schedule a Working Group meeting to discuss Derzhkomzem's failure to cancel the Directive despite orders from the Cabinet of Ministers and Ministry of Justice. – The team has had limited success in removing some of the obstacles raised by Directive No. 23. There is little political support for the team's efforts and no real opportunities to raise the issue with high-level government officials.
5. Finalize the How-to Manual on land auctions and tenders and distribute to regional coordinators. – The Manual should be completed shortly and presented to local radas that wish to participate in the land auctions promotion program in April, 2003.
6. Visit the Legal Aid Centers and conduct the formal opening ceremonies and local press conferences for two centers. – The manager of the legal aid program continues her weekly visits to centers. The Chernigiv and Rivne centers were officially opened in March 2003.
7. Conduct interviews for the open attorney position in the Kherson office. Select an attorney to staff the position. – The team conducted interviews with a number of candidates and selected one to fill the position. The team is also seeking an attorney in Ternopil and expects to conduct interviews for that position shortly.
8. Establish the Ternopil legal aid office and prepare an initial work plan for its staff. – The legal aid office has begun its operation. The one existing attorney has submitted a work plan and has begun site visits to village radas around the oblast. The team intends to hire a second attorney for the Ternopil office.

Public Education and Outreach

1. Hold the opening ceremonies for the new Legal Aid Centers in Rivne and Chernigiv. Organize official opening for the centers in Kherson and Vinnitsa in April 2003. – The official opening ceremonies for the Chernigiv office occurred on March 19-20, 2003; Rivne center ceremonies occurred on March 26-27, 2003.
2. Schedule and organize seminars for the heads of village radas in Odessa, Volyn, and Mykolaiv. – No progress on this matter.

3. Distribute the Project's first year anniversary magazine, which addresses issues related to land reforms and the successes and problems encountered during the first full year of Project operations. – The magazine is published and is being distributed through the Project's regular distribution channels.
4. Begin initial distribution of public information in village radas recently included in the Project in Volyn, Odessa, Lviv, and Zhytomyr oblasts. – The work has begun in March 2003.
5. Distribute the new set of the ALT leaflets through the information agents of the Project. – Leaflets are done and being distributed through the Project's information distribution agents and other distribution channels.

III. SIGNIFICANT ACCOMPLISHMENTS, PROBLEMS, AND OTHER ISSUES

Significant Accomplishments

- The intense pressure on Derzhkomzem caused by the ULTI mass media efforts and political actions has helped to achieve a partial resolution of the obstructions in issuance of State Acts resulting from enforcement of the illegal Directive No. 23. Recently, Derzhkomzem issued an internal order that allowed the issuance of State Acts to agricultural land, the work on which is being completed in accordance with contracts concluded before September 1, 2002, without the payment of the "registration" fees. Oblast departments of land resources are still required to enter the data on each parcel into the State Land Cadastre system, but the elimination of the fee enables the departments to give out blank forms of State Acts to survey firms for the printing of State Acts. The order permits the Project to complete its work on some of its earliest contracts with land survey firms, although there remain serious problems and obstructions with the issuance of State Acts on the newer contracts for land titling work.
- At a land auction in Volyn oblast (city of Shatsk) 23 land parcels were sold to bidders, proving our effort to promote land auctions is successful in many oblasts. The team expects these land sales to result in issued State Acts in the near future.
- In spite of continued active obstruction from Derzhkomzem, the Project assisted and financed the issuance of 29,000 State Acts to agricultural land in March 2003, continuing the upswing in production that began in December. Over the last three months, USAID financial and technical assistance resulted in the issuance of 74, 000 State Acts to agricultural land.
- The Project officially opened two of the five legal aid centers that it has created. The officially operating centers are located in Chernigiv and Rivne.
- The legal aid center in Kherson oblast assisted 46 persons settle their dispute with the agricultural enterprise to which they lease their land and to obtain their lease payment for 2002. The staff of the center negotiated a cash payment of 250 UAH for these 46 people (100 percent of the lease payment for 2002). After the settlement was reached and the 46 villagers informed other lessors in the village of the payment, the remaining 400 lessors demanded their lease payment from the agricultural enterprise. As a result of the Kherson legal aid centers' work in this matter, 446 people each received their full lease payment for 2002 totaling a payout of 112,500 UAH to lessors in the village.

Problems

Derzhkomzem Directive No. 23

A partial resolution in the continued illegal enforcement of the Directive by Derzhkomzem has been reached, mainly due to the efforts of the ULTI team to bring public pressure on

Derzhkomzem to change the Directive. As a result of the intense media and political pressure, Derzhkomzem issued Order No. 35 of February 19, 2003 that requires the reviewing and processing of information on agricultural land parcels (under contracts concluded with land survey firms prior to September 1, 2002) to be entered into the State Land Cadastre to be conducted at no charge. The order allows a number of ULTI's earliest contracts to move forward to completion without the obstruction of the Directive.

However, the Directive still remains a serious obstacle for the Project. The Directive and its fees still apply to all land titling contracts signed after September 1, 2002, which make up a large part of the total work to be completed by the Project. In total, the Directive could still obstruct the issuance of State Acts for approximately 500,000 land share holders and most State Acts to non-agricultural land parcels, meaning that it remains a major obstruction to both the agricultural and non-agricultural components of the Project. The new order does not remove any obstructions or fees from the work to prepare and issue State Acts to non-agricultural land.

Our team has conducted a series of investigations into the Directive and its implementation, and learned through multiple discussions with oblast officials that in many oblasts the cadastre center (the organization responsible for registration under the Directive) is not technically capable of collecting the information that the Directive requires. For example, in Chernigiv the cadastre center simply does not function; there are only two computers in that center able to process the parcel information. In Ternopil, the cadastre center devotes 99.9 percent of its time to land survey work, and has registered less than 200 parcels of land under the Directive (all of these parcels being urban and none being agricultural). These examples show that the Directive is merely a ploy, under which Derzhkomzem seeks rents from citizens and the Project.

Notarization of Non-agricultural Land Sale Contracts

The reported previously to USAID, the Ministry of Justice sent out a letter in response to an inquiry from the Department of Justice in Lugansk oblast where it states that land transaction contracts cannot be notarized unless the notary receives a copy of the State Act to land showing that the municipality is the owner. A similar letter was sent to Kirovograd. Of course, no municipality has such document, because State Acts for State ownership of land are not issued. The team's attorney met several times with representatives of the Ministry of Justice to convince Ministry officials to rescind the original letter and issue a nationwide letter clarifying the matter. Unfortunately, the MOJ has agreed only to rescind the letter in the two oblasts where the issue was raised directly by the notaries (Lugansk and Kirovograd). In other oblasts, where knowledge of the letter is causing obstructions, the MOJ intends to do nothing to rescind the letter because the MOJ claims it never sent the letter to those oblasts. Unfortunately, the reality of the situation is that problems due to the letter exist in these other oblasts and may not be resolved by the actions that the MOJ has agreed to undertake. As a supporting measure, the NALT team has prepared an opinion letter and forwarded it to its regional coordinators to promote the filing of law suits in the courts to rule that the letter does not conform to law. Other actions of our team include explaining the issue to the mass media and conducting public information activity against the enforcement of the letter provisions.

Our actions have had some positive results. In Khmelnytsky, the oblast department of land resources has taken an open stand in opposition to the MOJ position, and has declared the letter irrelevant in the oblast. In several other oblasts, law suits are being filed in court to overturn the letter. As a result, official requests to the MOJ are being sent from the oblasts, asking that the

letter be re-examined and overturned.

Problems with Procurement of Satellite Imagery in Cooperation with ULRMC

There has been no progress on the procurement of satellite imagery for use by the ULTI Project for over one year, despite promises from Ukrainian authorities that a decision will be made to allow use of the imagery. At this time, the Project believes the purchase of imagery would no longer be the best use for the ULRMC funds that were designated for support of the ULTI Project. The ULTI team believes that the remainder of the \$0.5 million in ULRMC funds should be used on the purchase of aerial photography in one or more oblasts to support ULTI land titling activities and is preparing a proposal for this purpose. Preparation of base maps based on aerial photography could bring down the cost of land titling by 20 to 30 percent. The ULTI team has discussed this alternative with ULRMC in a preliminary meeting in February, however, initial feedback from ULRMC leaves ULTI team members believing that ULRMC is not interested in the use of its funds for such purpose. For this reason, it is important that USAID verify and restate its directive that ULRMC devote \$0.5 million to support of the ULTI Project. Such a clear message would assist in the further negotiations between ULTI and ULRMC regarding the use of these funds in accordance with ULTI's needs and USAID's initial directives.

Trouble Shooting for the Agricultural Land Titling Component

The team worked to resolve the following problems in March 2003:

- Lugansk – The ULTI subcontractor “Lan” in Lugansk oblast has used a newspaper interview, in which she claims the Project has not treated her firm fairly, to collect additional sums of money from land share holders. The team has negotiated a joint press release with Lan and will travel to Lugansk on April 8, 2003 to conduct a joint press conference clarifying the matter. The team continues to work through environmental issues related to the titling of environmentally sensitive lands with Lan as well.
- Kherson – There are reports from the legal aid team in Kherson that one Project contractor “Staso” has been collecting money from the Project and from citizens for the same land titling work. Detailed investigation of the matter appears to show that there are irregularities in some of Staso's work areas. The team has sent information agents to all village radas in which Staso is performing work to speak with citizens and the head of the rada to uncover the facts behind the allegations of money collection. Representatives from the Project's legal aid center in Kherson are also involved in the investigation to get the fullest information possible.
- Poltava – The Project has problems with its two contractors in the oblast. One contractor, “Horizont,” has collected large sums of money from land share holders in a number of villages in Chutivsky raion. After several meetings with the contractor, the Project has issued an ultimatum: the contractor will either return money to the citizens in these village radas (and then get paid by the Project) or the Project will terminate its contracts with the contractor and notify all citizens in these village radas of the details of the money collections and the amounts paid by the Project for land titling work in the villages. The team will meet with representatives of Horizont on April 7, 2003 to resolve the matter. The other contractor “Gaidach Land Cadastre Center” is upset with the Project's efforts in Gaidach raion to inform citizens in village radas included in the Project that no additional sums of money should be paid to any land survey firms or raion authorities for issuance of State Acts. The contractor has threatened to terminate its contract with the Project, forcing us to respond with a stern letter informing the contractor that we will seek all legal options to obtain reimbursement of

money paid to the contractor if it fails to complete the work in Gaidach raion according to the terms of the contract. Apparently the contractor has reconsidered and will complete the work under the contract.

- Sumy – The Project continues to work with two land survey firms that have made some progress in issuing State Acts in the oblast. These firms will get paid for any State Acts that they actually cause to be issued to citizens. The Project officially terminated its contracts with two other land survey firms, Geo and Kadastre, due to the fact that information agents uncovered that these firms continue efforts to collect additional sums of money from people in violation of their past agreements with the Project.
- Ternopil – The agreement with the oblast department of land resources on issuance of State Acts appears to be giving real results. Our subcontractor reports that the roadblock in issuing State Acts in several raions of the oblast appear to be lifting and the State Acts are getting out to the citizens. This is positive news, meaning the Project will likely complete a large part of the work outstanding in the oblast.
- Vinnitsa – The team announced a “re-tender” for the 12,000 Land Share Certificates in work areas in which Subcontractor “Rumb” was not able to complete the work. Additionally, Mr. Konyk, the head of the oblast department of land resources has asked that USAID fund additional new work in the oblast. Due to difficult relations with the oblast department of land resources and the oblast administration, the Project is unlikely to agree with Mr. Konyk’s proposals.
- Zaporizia – Subcontractor “Elita” appears unable to complete work on land titling in numerous work areas included in its contracts with the Project. The Project has made some funding advances to the subcontractor and is now in a position where it is attempting to get real production out of these contracts. The subcontractor has asked to review the work areas included in the contracts and provide the Project with a list of those village radas where it can complete work. Based on the list, the Project has sent out information agents to verify the subcontractor’s information and then will make a determination on whether to continue working with the subcontractor or cancel the contracts and seek restitution of the advance of money.

Other Issues

Presidential Decree No. 134 “On Measures for Establishing a Unified System of State Registration of Land Parcels, Immovable Property, and Rights to Such Within the Structure of the State Land Cadastre”

As described in last month’s report, on February 17, 2003 the President of Ukraine issued a Decree that establishes the organization structure for a unified real estate registry. The Decree was driven by efforts of the World Bank to establish and implement its Rural Land Titling and Cadastre Development Project. From the ULTI perspective, there are three main problems with the Decree (and many other less vital problems):

1. Undoubtedly, Derzhkomzem will use the Decree as an excuse to immediately set new and higher fees related to issuance of State Acts, under the guise of establishing a registration system.
2. The Decree is improper in that it prioritizes fees, then procedures for registration, and finally enactment of a comprehensive law that governs registration. The legally correct manner by which to establish the unified registry system would be to pass a comprehensive law, then enact appropriate procedures, and finally create a fee schedule based on clear procedures.
3. The Decree fails to consider the inclusion of the Bureau of Technical Inventory into the registry system. Currently, the BTI is conducting registration of legal rights to immovable

property (buildings) and maintains those records. A credible and coherent plan for absorbing the BTI records needs to be developed as part of the creation of a unified real estate registry. Regardless of these problems, there appears to be serious momentum toward negotiations and establishment of the Bank's project. In fact the Bank now expects the project to become effective in January 2004.

In anticipation that the World Bank will in fact get its project going in Ukraine, ULTI prepared a concept paper and proposals for cooperation between the Bank and USAID on implementation of the Bank's project. The Project delivered these proposals to USAID on March 14, 2003 (a copy is attached to this report as Annex 3). The team had believed that USAID would begin negotiations with the World bank on potential cooperation, but to date there appear to have been no discussions between the Bank and USAID. The Project team has made several efforts to discuss the matter with USAID representatives, but unfortunately USAID has not discussed the issue further with ULTI.

E. Tanzania Tax and Mining Policy, TO #813

Start Date: July 9, 2001

Completion Date: July 8, 2003

Amount: \$1,630,979.00

Project Update

Activity 1: Reviewing the tax policies

This activity focuses on building tax policy analytical capacity through structured policy dialogue and training. During the period under review, a scheduled training on mining revenue projection had to be postponed due to a travel ban. Professor Glenday was in Tanzania on separate World Bank funding, however, and continued to work with the Tanzania Revenue Authority (TRA) on mining taxation policy. A new tax law is being prepared and will be submitted to Parliament at the June session. The proposed law reflects many of the insights gained from the IBI/Chemonics training programme.

The Tanzania Chamber of Mines (TCM) has successfully completed the database management and webpage design/maintenance training, working with IBI's Shannon McCafferty, who conducted training follow-up during three weeks in February and March. TCM has updated its website and continues to work with McCafferty via email and occasional telephone contact. IBI's Dr. Lucie Phillips met with the Executive Secretary, the new Chairman and Vice Chairman during her February/March trip and urged them to complete the workshop on media education within the budget originally contracted for. TCM had presented a larger budget for consideration, but Phillips informed them that no additional funds will be forthcoming until the original contract is implemented. They agreed to proceed with a workshop for public awareness in the coming months. The Technical Working Group (TWG) on collaboration between large and small mining is beginning to bear some fruit (see Activity 4).

Activity 2: Reviewing government policy and plans for utilizing income from mining

This activity involves urgent development of a strategy for investment of windfall mining revenues. The Economic and Social Resource Foundation (ESRF) produced a draft study, but it lacked data on actual mining revenue projections. Phillips and Mr. Godwin Nyelo of the Ministry of Energy and Minerals (MEM) met with the researcher and the Executive Director of ESRF during Phillips's February/March trip and urged the Director to solve the practical problems facing the researcher on this task, namely that neither his contract nor work permit had been renewed. The Director agreed to take care of both problems. A month later, however, the researcher gave up and left, turning the project over to ESRF in-house staff. They are now promising to work with Nyelo to complete the financial projections and conduct workshops by June.

ESRF are yet to constitute a Policy Advisory Group to study the projections and advise on how the revenues can be utilized to maximize their sustainable development impact.

Activity 3: Diversification of economic opportunities.

1. Service provision to the mining communities.

During the extension service survey, January 23–February 3, 2003, Mr. Rogers Sezinga and a sociologist Mr. Ipiana Mwaikambo met key participants in the coming service provision workshop to be held in Kahama in May 2003.

The team met the District leaders of Nzega, Kahama, and Geita who expressed interest in attending the workshop. The workshop will offer opportunities to share their experiences and enhance their working relationship with the mining companies.

The community and public relations officers of the operating mines of Resolute-Nzega, Kahama Gold Mine, and Geita Gold Mine provided useful information on their current socioeconomic projects with the surrounding communities. They also suggested the best times to conduct the workshop and suggested that the organizers should invite a few representatives from villages surrounding the mines.

Communication with other stakeholders continues, and the workshop is scheduled for the last week of May 2003.

2. Entrepreneurship training for wire wrappers.

Mr. Michael Onesmo and Mr. Alex Maganjila, from Opportunities Industrialization Centers of Tanzania (OICT) conducted the course at Arusha Gem Center February 17–21, 2003. This was the second module of the entrepreneurship training to wire wrappers. The first part of the entrepreneurship was conducted at Arusha Gem Center November 25–29, 2002.

Twelve participants from Arusha, Kilimanjaro, and Tanga regions attended the course. Some of the wire wrappers could not attend due to other engagements.

The practical objectives of entrepreneurship skills development workshop were to

- Develop and strengthen capacities of small entrepreneurs to provide customers with appropriate and satisfactory services and thus increase profits
- Provide entrepreneurs with knowledge, attitude, and skills needed to promote their services and increase the number of clients who seek their services/products
- Provide small entrepreneurs with knowledge, attitudes, and skills that will assist them to keep relevant and accurate business records and to utilize the records to manage, evaluate, and improve their businesses
- Provide trainees information on sources of support for small enterprises in Tanzania in terms of financing, licensing, and raw materials
- Assist participants to establish a network as a strategy for marketing, networking, inputs accessibility. and coordination

The trainers used a participatory methodology to enable participants to discover and learn by doing—specifically, they used lectures, visual aids, plenary discussions, group discussions, role-plays, and questions and answers.

The arrival of the wire wrappers supplies stimulated the trainees to be active again, as they can now produce quality wire products. Some have started traveling to other towns to market their products.

The wire wrappers elected Mrs. Katherine Kitange to the post of Group Coordinator, and the group will communicate by email and telephone.

Several of the wire wrappers participated in a National show in Dar es Salaam in March 2003. Photos of their wares are appended to this report.

Activity 4: Addressing environmental concerns of small-scale mining.

3. Training video

The edited copy of the first training video was submitted to the Commissioner for Mineral Resources. The Commissioner was requested to make concluding remarks, which would be added to the video before making more copies for distribution.

4. Facilitating extension services.

4.1 Training

During this period, 55 miners attended training courses at Mwakitolyo, Nyanhwale-Kahama. and Igumbi-Igunga mining areas. Topics covered included mine safety, regulations, and mine management.

The extension team at Geita visited three mining areas, conducting training to the same areas, and offered on-site advice at Nyarugusu and Kilombero gold rush at Rwamagasa. About 35 miners and their crews benefited from these extension services.

4.2 Extension service survey

To assess the impact of project extension services intervention, a field survey was conducted January 23–February 3, 2003 with the objectives of

- Undertaking a survey to determine extension services coverage and training performance
- Assessing impact of training in transforming small-scale mining
- Recommending measures to improve extension services

The survey involved data collection by using questionnaires and conducting interviews to trainers, miners, local leaders, and mine officer in-charges. About 66 people were interviewed during the 10-day survey.

Areas visited included Maganzo, Itilima, Kilabili (Nzega Ndogo), Matinje Nyanhwale, Mwime, Katente, and Kelezia in Central Western Mine Zone. In Geita, district interviews were conducted at Nyarugusu (Busolwa and Mawemeru) and Rwamagaza (Kilombero) mining centers.

The survey report was presented at the extension service workshop in Morogogo (see attached report).

4.3 Focused extension service workshop results

Tan Discovery staff conducted the workshop in Morogoro March 3–7, 2003. Twenty-three participants from 14 mine offices attended; 7 participants were officers-in-charge, 14 were mine technicians, and 2 were miner-trainers.

The workshop objectives were to

- Offer opportunity for trainers to share teaching experiences
- Impart effective training skills
- Draw a plan of action for result focused extension services

The workshop was conducted in a participatory manner that included brief presentations followed by group discussions (see attached report).

The following is an extract from the workshop report showing two case studies as presented by Geita Resident Mines Officer, Mr. Nayopa. Mr. Nayopa highlighted the stages and training approach, which led to transforming a Nyarugusu-based artisanal miner to an organized small-scale miner. In addition, he highlighted how an unorganized gold rush was transformed into an organized mining group.

The Nyarugusu transformation

Nsangano Sebastian mine was like most mines at Nyarugusu using the popular production-sharing mining arrangements where pit financiers will fund the mining operations and activities are carried on

without proper attention to safety and health issues.

The owner and some of his staff attended the first extension services conducted by the Geita Resident Mines office trainers, and decided to follow the technical advice of the course. Among the actions he took were to employ a full-time mine manager, stop the production-sharing arrangements, and start funding the mining operations himself. Safety measures are strictly observed and the working culture has also changed. The mine continued to receive special attention from the Geita Mines Office, and now it is a model for other miners at Nyarugusu. The mine is now operated as an enterprise, with increased productivity and income for the owner and the workers.

Kilombero gold rush at Rwamagaza

This is a gold rush at one of the settlements of Rwamagaza village. The mine rush area is in the prospecting licence–PL area of East African Mines. The rush started mid last year, and within a short period the whole area was scattered with random pits, with no rule of law or even pit latrines.

The Geita Mines Office initiated contacts between representatives of the gold rush and the officials of East African Mines. The two parties came to understanding whereby the mining company agreed to allow the small-scale miners to continue their activities and the miners agreed not to expand into other areas of the property.

The mines officials immediately started training programs on proper and safe mine practices. The miners responded by forming small producer groups and nominated leaders to oversee day-to-day activities at the mining rush. The leadership managed to organize miners to fill back all the random pits outside the agreed area, limit the flow of people and petty traders, and restored law and order. The mining operations are now more coordinated: working groups share resources such as water pumps, and there are locally trained safety inspectors who oversee observance of safety issues. The miners are also collecting ore samples from their pits for lab analysis by East Africa Mines.

This experience is a good example how mining/exploration companies can work with small-scale miners. This approach has helped to control the emerging gold rush and hence its vast negative socio-environmental impacts.

|Next steps

Work planned for the next quarter covering March–May 2003:

- Tandiscovery will continue fieldwork to train miners in safe use of explosives, mine ventilators, and mine safety at Merelani, in addition to shooting demo video
- ESRF will complete the study, working with Nyelo of MEM
- ESRF will convene meetings of the TWG to discuss the programme to utilize revenues from mining activities
- ESRF will schedule a workshop for government, academia, and media on mining revenues
- Preparations for training for tax assessors in mining auditing scheduled for June 2003
- Tan Discovery and IBI will conduct a training in cabochon cutting and polishing using Tanzanian-origin minerals, in Morogoro in June 2003
- Arrange for sharing of mineral database elements between MEM and TCM
- TCM will conduct workshop on media and public education

- USAID should schedule formal handing over of computer systems to MEM, TRA, and the Ministry of Finance.

Request for Extension

This project will formally reach its two-year term on July 9, 2003.

We are hereby requesting an extension of time to December 31, 2003, to permit the original workplan to be completed. We have thus far completed more than originally proposed under Activities 1, 3, and 4, implemented by Tan Discovery and IBI.

The impact of training programs has been extraordinary. The TRA trainings introduced computerization from the grassroots, whereas the computerization from headquarters had been delayed for years. It has produced a new tax law that more fairly protects the interests of the Tanzanian economy and government in the revenues from depleting mineral resources.

The gemcraft training has produced the nucleus of a cottage industry in jewellery making, and the mining extension work is beginning to extend nationwide.

The policy impact has been far greater than anticipated. In part that was because the tanzanite market crisis provoked by U.S. press coverage implying a link between al-Qaeda and tanzanite trading resulted in a major global policy summit and an important role for the project in facilitating compliance with the resulting Tucson Protocols.

On the other hand, four factors have delayed some activities:

- The September 11, 2001 attacks on the World Trade Center and the Pentagon were followed by a travel ban, which came just at project start-up and slowed the process considerably. By the time the team met again, in December 2001 and January 2002, the subcontractors produced ambitious new plans, which then had to be renegotiated.
- This project is designed to work with and through local organizations and thereby to strengthen their capacity. The wheels of bureaucracy grind slowly in several of them. For example, the MEM agreed to release Mr. Nyelo to serve as Project Manager in early October 2001, but he was not actually reassigned until January 2002. The TCM and ESRF have faced various organizational problems that have delayed the implementation of their respective studies and workshops. The implementation schedule for both organizations was front-loaded in anticipation of possible problems, so even if they ultimately complete only their Year 1 program, they will have met major milestones.
- The war in Iraq in March 2003 resulted in a second travel ban, which delayed planned travel for trainers and project managers. The training courses are now being rescheduled.
- USAID's SO9 organizational issues in 2003 have caused some confusion. We had been discussing with the mission the possibility of funding expanded activities for the most successful project components, and had been encouraged. Then we learned early in the

quarter that no funding was available for SO9 for the coming fiscal year, and that the CTO was departing post. The Team Building workshop held in February 2003 by the Acting CTO produced clear goals, a charter, and a cooperative organizational structure that promises coordinated interventions in private sector development for the future. We are still hoping that additional funds may be returned to SO9 and permit this project to continue and expand as originally discussed.

F. USAID/Moldova Financial Management Training and Advisory Activity (FMTAA), TO #815

Start Date: September 1, 2001

Completion Date: August 12, 2003

Amount of Delivery Order: \$2,212,570.00

HIGHLIGHTS OF ACHIEVEMENTS TO DATE

Since startup in September 2001, the Financial Management Training & Advisory Activity has provided training to over 6,300 accountants, auditors, and university faculty members in 390 seminars. To date, the Financial Management Training and Advisory Facility has generated gross revenue of over 370,000 Moldovan Lei (\$26,593), deposited to the ACAP Development Fund bank account. The project has assisted in the development and publication of 5 guides, "Practical Guidance to Accounting Principles and Financial Accounting," "Cost Accounting Guide," "Guide for the Accountant of an Entrepreneurial Agricultural Cooperative," "Theoretical Guidelines and Practical Materials on Accounting," and "Basics of Accounting." The project has also provided advisory services on various issues related to accounting and taxation to 213 practicing accountants. Eight CPCs (Certified Professional Accountants) qualified during ACAP's December 2001 examinations. The Association of Professional Accountants and Auditors of Moldova achieved a total number of 278 members as of March 31, 2003. Additional details on these and other project achievements are discussed below.

SPECIFIC ACTIVITIES

This section covers progress against six deliverables as stated in the project scope of work.

1. Establish Financial Management Training and Advisory Facility (Task 1).

The Financial Management Training and Advisory Facility (FMTAF) was established in November 2001.

2. Provide training in financial and managerial accounting, audit engagement procedures, internal audit, non-profit accounting, and accounting information system (Task 2).

- FMTAF continued the marketing campaign in the mass media promoting its seminars/training courses and advisory services during January - March 2003.

- During January - March 2003, 56 seminars were conducted in Chisinau, Ungheni, Balti, Hincesti, Soroca, Drochia and Cricova. 1,146 participants, including faculty members of higher educational institutions, accountants, and auditors, were trained in financial, managerial, tax accounting, audit, and financial management.
- During the period of January - March 2003, FMTAF generated gross revenue of over 58,314 Moldovan Lei (\$4,093). The ACAP Development Fund bank account, to which all fees paid to FMTAF are deposited, is reconciled monthly, with all disbursements approved by and coordinated with the Chief of the Party and the Board of Directors of the ACAP.

3. Assist the Academy of Economic Studies of Moldova (ASEM) in its accounting and audit curriculum reform effort and strengthen its partnership with the University of Nebraska at Omaha (UNO) (Task 3).

- Three UNO faculty members, Accounting Department Chair Dr. Jack L. Armitage and Professors of Accounting John Windler and Ron Bauers will travel to AESM in the period of May 12-31, 2003, to give open lectures to students, professors, and other interested persons in the following subjects:
 - Internal Audit (20 hrs) – Dr. Jack L. Armitage, Chair of Accounting Department, UNOmaha;
 - Principles of Managerial Accounting (18 hrs) – Dr. John Windler, UNO Professor;
 - Accounting Information Systems (20 hrs) – Dr. Ron Bauers, UNO Professor;
 - Accounting Principles for Non for Profit Organizations (6 hrs) - Dr. John Windler, UNO Professor.

At the end of each course, students will be evaluated according to a final written test and will be awarded certificates for successful completion of the class.

Announcements inviting students and teachers to attend UNO courses will be handed out at all AESM Faculties starting on April 7, 2003. Interested persons will be able to sign up for the course until May 5, 2003.

- On March 11, 2003 FMTAF, in cooperation with AESM, initiated an open tender for AESM Accounting Faculty professors to participate in the Summer 2003 Exchange program between University of Nebraska (UNO) and AESM. In accordance with tender results, four AESM professors will be selected to travel to UNOmaha to participate in the Summer 2003 Exchange Program. The AESM professors will attend a course in Managerial/Financial Principles of Accounting and Principles of Auditing. The professors will be tested at the end of the class. The program will also include exchange of experiences in the methodology of teaching, accounting curriculum reform, research activity, and education process administration. Upon return, all AESM participants will be obligated to continue working for AESM Accounting chair for the following 2 years, to implement the results of the Summer 2003 Exchange program and share the experience gained at UNOmaha with their colleagues.
- As a result of the Summer 2002 Exchange Program, the AESM Senate approved the implementation of a new Student Evaluation Teaching Questionnaire and a distance-

learning program for 23 “Computer Science” faculty students attending evening classes. In addition, all syllabuses and analytical programs of the accounting and auditing courses taught by the “Accounting and Audit” department of AESM have been revised, approved, and published in separate booklets for student use.

- AESM and FMTAA professors finalized the work on the second, revised edition of the “Financial Accounting” manual.
- FMTAA supported the development and future publication of the following guides: “Audit and Accounting in Branches” and case studies on “International Accounting”. In addition, 2 new accounting guides were developed and published by AESM Accounting Faculty members: “Accounting for Intangible Assets” and “Theoretical Basics of Accounting.”

4. Provide financial management advisory services to enterprises to improve financial management capacity (Task 4).

During January – March 2003, 49 pro bono consultations on financial and tax issues were provided to 44 accountants of private sector enterprises.

5. Promote Use of Accounting Information Technology (Task 5).

During January – March 2003, the Task 5 Team:

- Provided training in Accounting Software, resulting in
 - 30 professionals trained (40 hour course) in the use of Accounting Software 1C both through lectures and hands-on training,
 - 36 professionals trained in Basic Computer Skills,
 - 27 professionals were trained in Advanced Excel; and
 - 27 persons attending the comparative demonstrations of software packages.
- Performed general maintenance of the FMTAA and ACAP information systems and data backups of the FMTAA server, including the annual backup.
- Reconfigured the operations system in the large computer lab to maximize performance.
- Performed a physical inventory of FMTAA on site and off site hardware.
- Conducted a tender for hardware related to upgrading office computers.
- Installed and configured upgrades.
- Updated anti-virus definitions.
- Expanded the computer center to hold an additional 10 workstations.

- Installed equipment in AESM to create the ASEM/UN Omaha Cooperation Center – this Center will serve as a facility where AESM’s accounting department can host visiting professors and access UNOmaha material via the Internet.
 - Conducted the first “Using Object Oriented Design in Software Engineering” course attended by 14 trainees of the State Tax Service.
 - Laid the groundwork for beginning a feasibility study on Technology Certification in Moldova.
- 6. Financially support ACAP in staff salaries, office rent, and updating the certification program; and develop a partnership between ACAP and a US, Canadian, or Western European accounting and audit SRO (Task 6).**
- Staff salaries and rent of ACAP were paid for the period of January - March 2003.
 - ACAP achieved a total number of 278 members as of March 31, 2003.
 - Board of Directors (BOD) member Professor Alexandru Nederitsa and Michael Neider/FMTAA/COP attended the Winter Conference of the ICCAA in Kiev, Ukraine from January 22 – 24, 2003. The International Council of Certified Accountants and Auditors (ICCAA) was founded December 5, 2001 with the mission of unifying accounting and auditing associations in the former Soviet Union, certifying Professional Accountants via uniform examinations based upon International Accounting Standards (IAS) and establishing educational and professional experience requirements based on the standards, principles, practices and ethics of the IFAC. At ACAP’s March BOD meeting, the Board unanimously voted in favor of applying to the ICCAA for membership.

G. Technical Support for Procurement and Project Management and Private Sector Participation (PSP) to the Ministry of Water and Irrigation, Water Authority of Jordan and the Jordan Valley Authority, TO #814

Start Date: August 6, 2001

Completion Date: January 31, 2004

Amount of Delivery Order: \$3,026,845.50

INTRODUCTION

This Monthly Report presents the activities of the Jordan *TECHNICAL ASSISTANCE FOR PROCUREMENT, PROJECT MANAGEMENT AND PRIVATE SECTOR PARTICIPATION PROJECT* during the period of January 1, 2003 through March 31, 2003. The report highlights significant work undertaken and accomplishments realized; outlines major problems encountered, and offers proposed responses to those challenges; and summarizes planned activities for the first quarter of 2003.

PROJECT ACTIVITIES

AWC Prefeasibility Report

- The Draft Aqaba Water Company (AWC) Prefeasibility Report was completed after incorporating input from Aqaba Special Economic Zone Authority (ASEZA) and Bechtel received during the December 17, 2002 workshop. The finalized draft was submitted to the CC members, his Excellency the Minister, and the Secretary Generals on January 7, 2003.
- The third meeting of the AWC Coordinating Committee (CC) was held on Monday, January 27 to discuss the comments on the PFR made by United States Agency of International Development (USAID), ASEZA, Bechtel, Ministry of Water and Irrigation (MWI), and Water Authority of Jordan (WAJ).
- His Excellency the Minister attended the committee while in session and remarked that progress is essential as ASEZ is developing at an accelerated pace, thus increasing the demand from the water sector. The Minister believed that June 2003 would be an acceptable target date for the establishment of AWC. He also recognized the importance of ASEZA's role in the process which could be exercised through representation of ASEZA on the Board of Directors.
- The final version of the report arrived in Jordan on February 4 and submitted to the following parties:

MWI/WAJ	5 copies	February 9
USAID	2 copies	February 9
ASEZA	3 copies	February 13 (e-format)

Finalization of Contract Amendment

A brief meeting was held with His Excellency MWI Minister and USAID after the final draft of the PFR had been submitted. The Minister expressed satisfaction with the contents of the report and commended the TAPS team members who participated in its preparation.

USAID had consulted with the Minister at an earlier date with regards to an amendment required to complete the AWC transaction. The Minister approved the extension of the project until January 31, 2004.

Deliverables

TAPS team started working on the many aspects of the workplan under the AWC transaction with the participation of short-term consultants James Baker, Tony Stellato, Terry Driscoll, Mike McLindon, and Jeff Meller.

AWC's Illustrative Business Plan

A five year Business Plan for AWC was written for the period January 1, 2004 to December 31, 2008 with the objective to prepare business planning guidelines and illustrative planning provisions that will assist MWI, ASEZA, and Bechtel in preparing for initial start-up phase of the AWC. Work was completed in coordination with members of the Coordinating

Committee and other TAPS team members to develop business planning approaches, techniques, principles and illustrative policies and objectives of the initial business plan to be developed and adopted by the AWC. The Illustrative Business Plan was submitted February 17.

Financial Management and Accounting System for the AWC: Initial Design and Training Recommendation

The objective of this assignment was to complete a review and assessment of the accounting and financial systems of WAJ-Aqaba in preparation of the establishment of AWC. The overall goal was to begin to help AWC create the capacity to be able to generate and provide a set of financial statements appropriate to its new legal status as a limited liability company. A related goal was to begin to facilitate, where appropriate, private sector participation in AWC by enabling AWC to provide the financial documents that will provide needed information to potential investors so that they may fairly analyze its investment potential. To meet these goals and objectives, this consultancy initiated the development of the following components: (1) Design and Development of Systems Improvements; (2) Training Needs Assessment and Recommendations Report; (3) a General Income Generation Framework; (4) and a (4) Local Assistance to Conduct Review and Assessment of Accounting and Financial Systems. The report was submitted April 2.

Proposed Organization and Staffing of the AWC

The objective of this technical component was to develop a staged operation and maintenance plan for AWC reflecting its initial operation and evolving as certain major assets such as the wastewater treatment plant begin operation, and as the needs of the company change. The principal element of this plan was the development of staffing positions, numbers, and qualifications necessary to provide the level of services envisaged over the 25-year planning period. Work was done with members of the Ministry and WAJ-Aqaba Staff, the AWC Coordinating Committee and other TAPS team members to develop the plan. The operation and maintenance plan is a part of the overall Business Plan detailing the evolution of WAJ-Aqaba into a corporatized AWC. This analysis of Aqaba utility system parameters and outline of best practices for the various utility functional areas will be completed in close coordination with institutional and financial systems specialists. Immediately following this consultancy, the Institutional Development Specialist will then take the information gathered from these assessments to develop a recommended AWC human resource management system, and initiate the staffing and training needs assessment processes.

The objective of this institutional component was to meet the needs of underdeveloped personnel management capacity, staffing and skill imbalances, and difficulties in staff recruitment have been identified as major constraints to Aqaba utility performance and capacity to meet future challenges. At the December 2002 Coordinating Committee workshop, human resource management (HRM) systems development was identified as one of a number of key WAJ Aqaba-AWC organization transition areas in which TAPS can provide technical assistance.

The objective of this assignment is to initiate the HRM system development. This assignment will set out the framework of a recommended AWC HRM system, and also initiate the staffing and training needs assessment processes. These assessments will be developed on the basis of close

analysis of Aqaba utility system parameters and best practices for the various utility functional areas, and in close coordination with TAPS engineering and financial systems specialists. The technical and institutional report was submitted March 22.

Memorandum of Understanding (MOU)

Pursuant to the previous submission of the legal schedule for the execution of the AWC activities, a revised detailed legal schedule was submitted on March 27 to USAID for the execution of the Assignment Agreement, as well as other legal documentation necessary to proceed towards the AWC. This schedule was presented, after USAID's approval, to the AWC CC members during the meeting which took place on March 31.

- An MOU draft outline was prepared by TAPS legal advisors and submitted to USAID for approval on January 16, and then distributed to the CC members.
- The MOU draft was discussed at length during the third CC meeting on January 27 and on the subsequent meeting on the following day held between the legal teams of MWI/WAJ and ASEZA.
- Legal aspects of the PSP transaction proved to be the most involved, and discussing it in more depth was left for the legal teams in the subsequent meeting held on January 28.
- On February 10 TAPS local legal advisor, Ala' Khalifeh, held a meeting with ASEZA's legal advisors for discussion. Both parties agreed that WAJ and ASEZA laws would be used as the basis for establishing AWC. This meeting produced an amended MOU draft that was submitted by Chemonics to USAID on February 10. Upon its approval it was distributed to the AWC CC members on February 12 for review and comments in preparation for a wrap-up round of discussion during the following CC meeting scheduled on Monday February 24.
- AWC fourth CC meeting. On February 24 the fourth AWC CC meeting was held in Aqaba in order to finalize the MOU. Certain legal issues were left for the legal advisors of MWI/WAJ and ASEZA to finalize.
- ASEZA presented to the TAPS technical advisor a set of amendments on March 5. Due to the extent of the proposed amendments there was a need to discuss these over a working session which was held on the same day. Such issues were summarized so that handling them could be achieved without the need to revise the whole text of the MOU. They related to:
 - Equity Ownership of AWC
 - Exclusivity and non-exclusivity rights for future development
 - Linking Bulk Water tariff and customer tariff
 - Rights of Projects
 - AWC Board Chairperson and members of the Board
- The TAPS legal advisor, Mr. Jeffery Meller, was requested to develop a version where such issues are inserted in a manner that would protect the interest of both parties.
- Comments during the fifth CC meeting are summarized by the following points:

Exclusivity and non-exclusivity rights for future development (Ref. Article 10)

ASEZA is tying granting such rights to AWC to the existence of a tariff regulatory

regime, and to the standard of performance of AWC. There was an agreement that for future development rights, ASEZA would be entitled for equity shares in AWC. It was also agreed that ASEZA would grant such rights for projects to AWC on a case-by-case basis. This meant that ASEZA would approach AWC with any future project. AWC would respond after assessing the feasibility either positively (accepting to take it) or negatively. In the latter case where AWC refuses to implement the proposed development project, ASEZA shall have the right to contract with another specialized party. ASEZA is now under the impression that it would have its shares increased progressively each time a new project was taken up by AWC.

Assets Valuation (Ref. Article 5&10)

There was an agreement in that each party would prepare an asset registry and valuation, which would be validated by a third neutral party. During the validation process who owns what would be determined. Although this issue may be settled after the MOU has been signed, ASEZA seem to want to settle the issue at this stage. ASEZA is also claiming the assets of its predecessor, Aqaba Regional Authority (ARA). Easements and rights-of-way are also two issues ASEZA seems to be stringent in claiming.

Bulk Water tariff and customer tariff (Ref. Article 15)

ASEZA wants to link the bulk water tariff to the customer tariff although this issue is the responsibility of the Council of Ministers.

Initial working capital (Ref. Article 10)

ASEZA wants MWI/WAJ to provide AWC with an initial working capital.

Rights of Projects (Ref. Article 18)

There was an agreement that owners of Projects within the Zone may generate and supply the water and wastewater needs for their Projects upon the approval of ASEZA, but that no Project owner will be permitted to sell water supply and waste water services to third parties, unless they are situated within the Project's boundaries. The term "Project" needs to be defined.

Development and Assignment Agreement

Preparing the Development Agreement between WAJ and ASEZA had originally been agreed to be ASEZA's lawyer's responsibility (Ref: Jan.28 follow on meeting-ASEZA, IBLAW, Bechtel and TAPS). However, due to the lack of experience, ASEZA requested TAPS' help in preparing such an agreement. Mr. Ventura said that TAPS would provide ASEZA with a skeleton draft of a Development Agreement to be developed and worked on by ASEZA. The responsibility of preparing the Assignment Agreement (between ASEZA and AWC), on the other hand, was TAPS' responsibility (Ref: AWC Legal Time line).

Upon notification from USAID and in coordination with Chemonics Home Office, Mr. Jose Valdez departed Jordan on March 7 due to the political situation in the Middle East. Arrangements had been made with the MWI/WAJ counterparts and the others from the AWC CC for Mr. Valdez to resume his duties and responsibilities as TAPS Technical Advisor at his temporary place of work in Washington DC. A daily follow up of activities has been taking place between Mr. Valdez and TAPS local team which enabled the achievements of the project to continue unhampered in accordance with the workplan and implementation schedule of the project activities.

In preparation for a departure and in effort to proceed with the project as planned, the following steps were taken:

- In order to prepare for a potential evacuation, we sent the full team of TAPS advisor to Jordan in January and February. During their fielding they completed all the necessary meetings, interviews, data collection, and coordination with local counterparts to prepare them to work on their components state side.
- With all the information gathered and local coordination set-up, the team is able to proceed in preparing analyses and recommendation reports, including financial, legal, institutional, and operation and maintenance structuring for AWC.
- In order to continue to coordinate with the Ministry, ASEZA, and USAID the TAPS project has made arrangement to hold periodic video-conferences to discuss pending issues and recommendations.
- Jose Valdez is maintaining a Jordan time schedule so that he may effectively communicate with the Ministry and USAID.
- The local engineer, Adi Najjar, has also contributed tremendously to the management of the TAPS office in Jordan during the evacuation, continuing to meet with the Ministry and ASEZA and coordinating our local consultants on behalf of the short-term consultants.

AWC Coordinating Committee Meeting

The fifth AWC CC was held March 31, held via video conferencing enabling continued communications between attendees located in Jordan and the U.S. The purpose of the meeting was to discuss the progress of the MOU in order to move forward, as well as other matters related to the AWC transaction, such as the assets valuation, the Assignment Agreement, the implementation Reports and the next steps associated with the Illustrative Business Plan.

H. Romania Environmental Management Services, TO#806

Start Date: September 30, 2001

End Date: July 31, 2002

Amount of Delivery Order: \$1,030,522.00

ROMANIA EMS & P2 PROJECT

Training of Environmental Commissars

Cluj-Napoca, January 28, 2003

SUMMARY OF EVALUATION FORMS

This paper summarizes the evaluation forms completed by the environmental commissars, following training provided on January 28, 2003.

Presenters are mentioned below:

Presenter	Company	Subject addressed in presentation
Liviu Ionescu	Chemonics Romania FO	Overview of Romania EMS & P2 Project
Andreea Milea	Chemonics Romania FO	Basics of pollution prevention
Cicerone Ionescu	Auditeco	Environmental Management Systems
Radu Dornean	CAST Consulting	Monitoring in the EMS & P2 project and new monitoring equipment of interest

Participants were environmental commissars in Cluj and Oradea Environmental Protection Inspectorates. The List of Participants is included as Appendix 1, Attachment 1.

Question 1. Please rate the relevancy of the training.

12 participants answered *Very useful* and 4 participants *Interesting*. None of the participants answered *Not relevant*.

The results are shown in Appendix 1, Figure 1.

Question 2. Which of the presented materials impressed you most?

1 participant answered *EMS*

2 participants answer *EMS and P2*

1 participant answered *EMS, P2 and Monitoring*

9 participants answered *P2*

2 participants answered *Monitoring*

1 participant answered *None*. He (she) specified that she (he) did not attend the whole training session and was not able to give a right answer.

The results are shown in Appendix 1, Figure 2.

Question 3. Do you consider this training useful in your activity?

All 16 participants answered *Yes*.

Question 4. In case the answer to question 3 is affirmative, please describe how you will apply acquired skills in your future activity?

According to answers, the elements acquired in the training will enable the Environmental Commissars to:

- encourage the enterprises to implement EMS and P2
- inspect the enterprises following the scheme of the P2 audit
- increase enterprises awareness regarding P2 economic benefits
- facilitate preparation of environmental action plans and strategies
- increase transparency in working with the enterprises

Question 5. Do you believe that implementation of EMS and P2 are useful to enterprises with respect to:

- 1 Overall management system of the enterprise
- 2 Compliance with environmental legislation
- 3 Pollution reduction
- 4 Achievement of economical benefits
- 5 Saving resources
- 6 Improve the public image of the company
- 7 Improve the relationship of the company with third parties (authorities, clients, suppliers, public, etc)

The results are shown in Appendix 1, Figure 5.

Question 6. What other subjects should be included in future training sessions?

Answers:

1. Environmental auditing - 3 requests
2. Waste minimization - 5 requests
3. Connection between EMS and IPPC
4. Environmental impact of the air pollution on protected areas
5. Implementation of European Union Environmental Directives
6. More case studies
7. Reduction of resource consumption/extension of the life-cycle of the final product
8. EMS approach for air
9. P2 case study for a small enterprise, including all the environmental media
10. Presentation regarding BAT for different plants
11. Best treatment procedures and monitoring equipment

Question 7: Please rate the quality of the presentation tools and means (shape, clarity, graphics, etc)

11 participants answered *Very Good* and 5 participants *Good*.

The results are shown in the Appendix 1, Figure 7.

Question 8: Please rate the quality of the presentations?

12 participants answered *Very Good* and 4 participants *Good*.

The results are shown in Appendix 1, Figure 8.

Question 9 Please rate the quality of the logistics?

12 participants answered *Very Good* and 4 participants *Good*.

The results are shown in Appendix 1, Figure 9.

Question 10 Please include other comments related to this training.

Answers included:

- requests for additional training
- extremely useful training
- just perfect
- very pleasant environment during the training
- appreciate the interactive training method
- the training documentation should be sent earlier in advance to the trainees
- very professional
- request to extend training on waste management
- very good idea to join together the commissars from Cluj and Oradea
- very useful information

Conclusions:

Strong interest was expressed by participants in exposure to more detailed case studies and practical exercises. The training was appreciated as very useful and conducted in a professional manner.

TRAINING OF ENVIRONMENTAL INSPECTORS

Cluj-Napoca, 28 January 2003

TABLE OF PARTICIPANTS

	Name	Position	Environmental Protection Inspectorate	Comments
1	Marin Prorocu	Chief Inspector ¹	Cluj	
2	Beu Mihaela	Chief Comissar	Cluj	
3	Stefan Kapy	Chief Comissar	Oradea	<i>Requested book</i>
4	Ioan Buzlea	Comissar	Oradea	
5	Stelian Filip	Comissar	Oradea	In charge of Franckmar
6	Bruno Pascu	Comissar	Oradea	In charge of Chimprod and Apaterm
7	Mirela Terhes	Comissar	Oradea	In charge of Sinteza
8	Imre Lenke	Comissar	Cluj	
9	Mircea Gocan	Comissar	Cluj	
10	Dan Gherdan	Comissar	Oradea	<i>Requested book</i>
11	Mircea Ghitea	Comissar	Oradea	Former head of environmental inspection department. <i>Requested book</i>
12	Lucia Varga	Comissar	Oradea	<i>Requested book</i>
13	Isaia Maghear	Advisor for waste management	Cluj	Former head of environmental inspection department <i>Requested book</i>
14	Dorina Oprean	Comissar	Cluj	<i>Requested book</i>
15	Cecilia Muresan	Comissar	Cluj	<i>Requested book</i>
16	Codruta Precup	Comissar	Cluj	In charge of Terapia
17	Costa Stanisav	Comissar	Cluj	In charge of Terapia
18	Radu Bacila	Comissar	Cluj	

¹ The Chief Inspector is the head of the Environmental Inspectorate (EPI). The former Inspection Department of the EPI was recently turned into "Environmental Guard". The position denomination of the former head of the inspection department, who was also Deputy Chief Inspector was changed into "Chief Comissar" and the new denomination of the environmental inspectors is "Environmental Comissars".

TRAINING OF ENVIRONMENTAL INSPECTORS
Cluj-Napoca, 28 January 2003

Figure 1 – Rating relevancy of the training

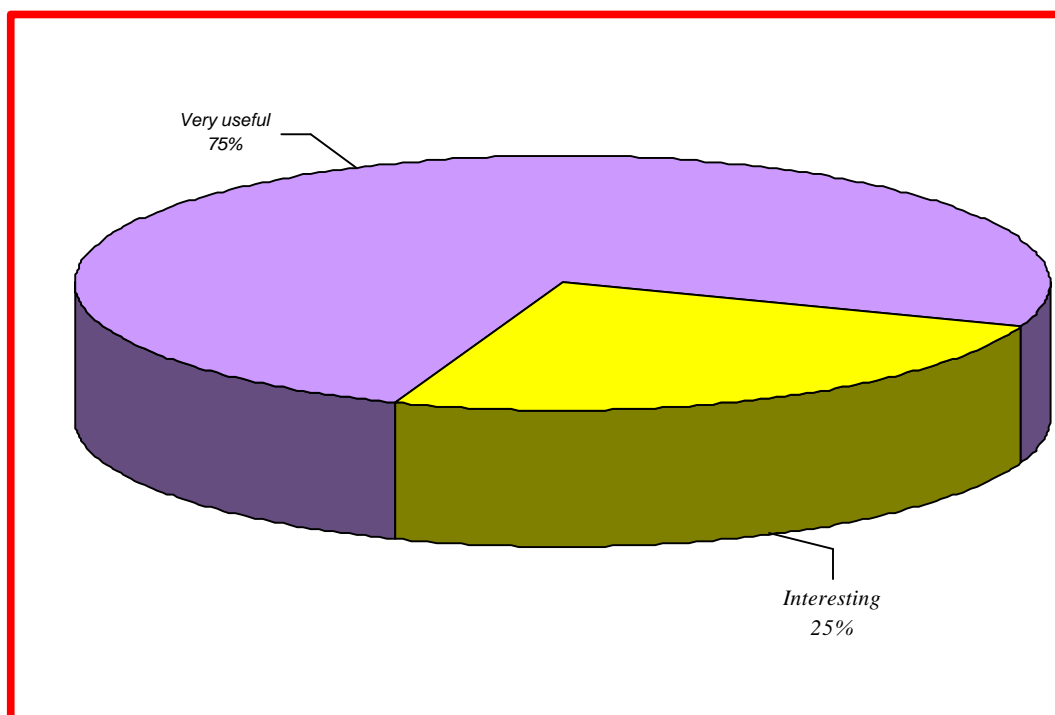
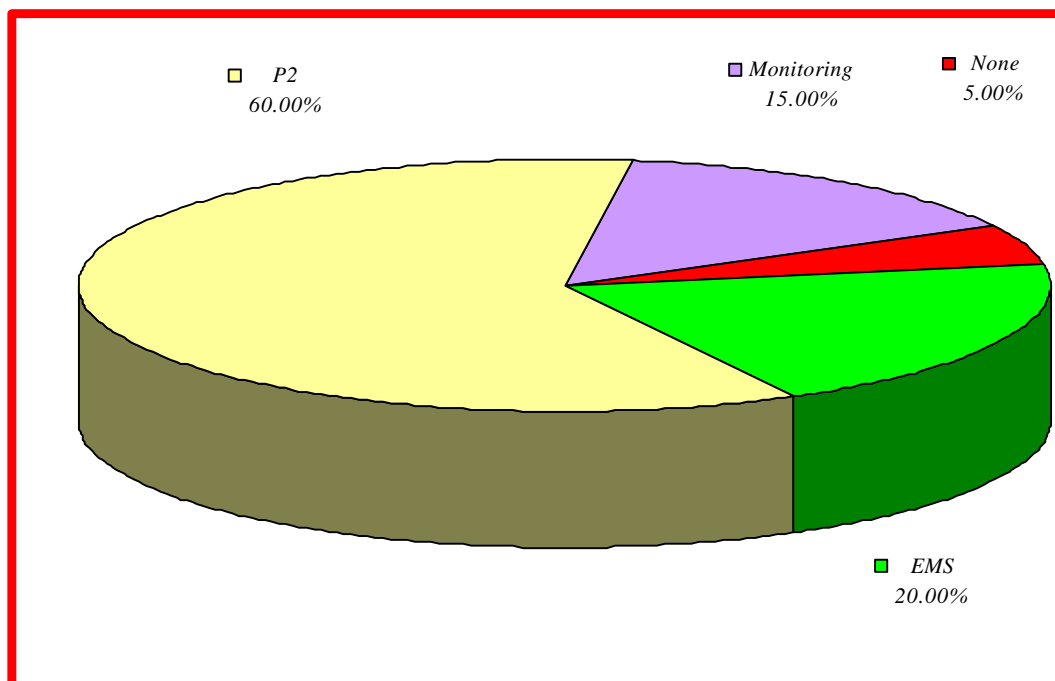
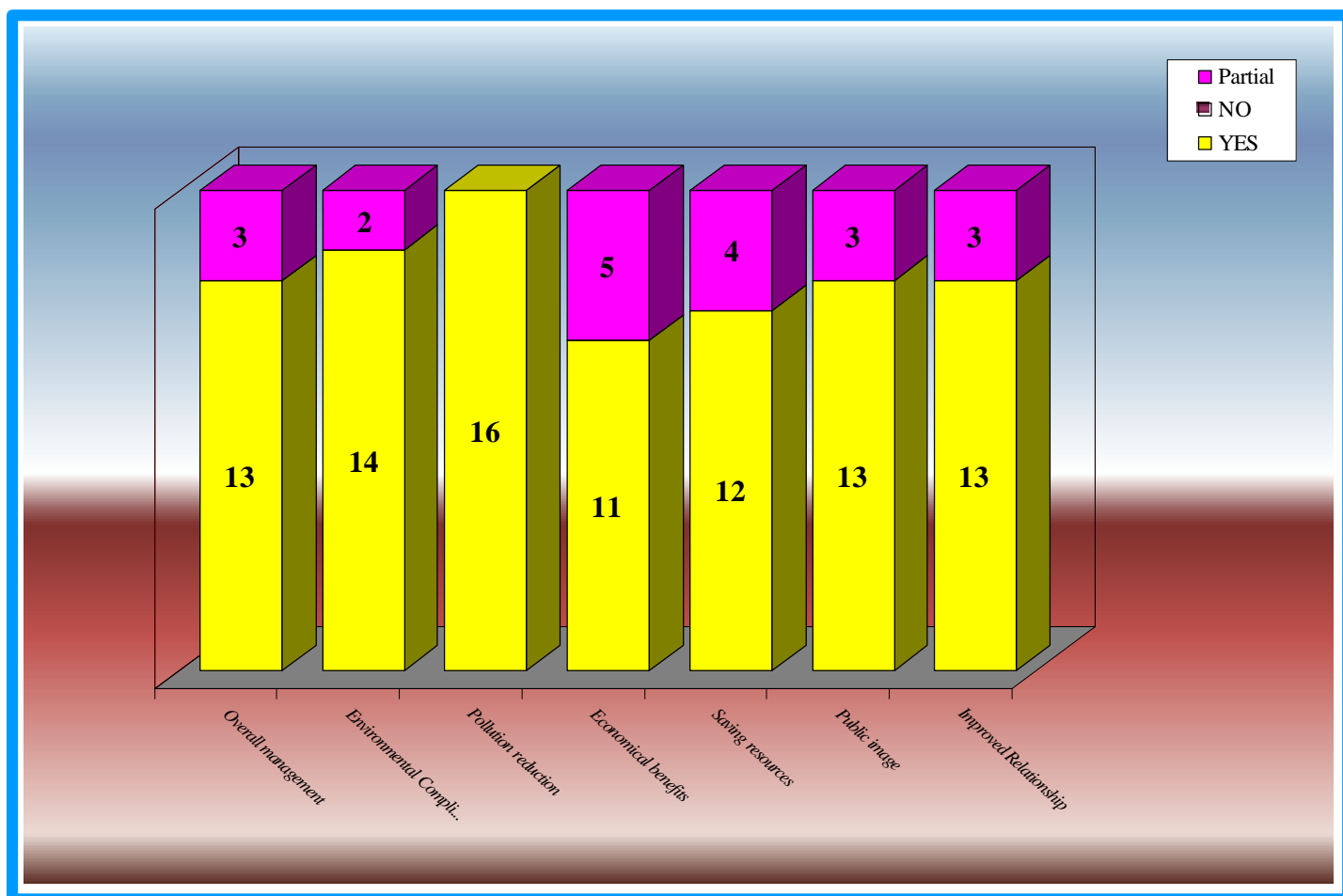


Figure 2 – Rating impression produced by presented materials



TRAINING OF ENVIRONMENTAL INSPECTORS
Cluj-Napoca, 28 January 2003

Figure 5 – Rating usefulness of EMS and P2 implementation



TRAINING OF ENVIRONMENTAL INSPECTORS
Cluj-Napoca, 28 January 2003

Figure 7 – Rating the quality of the presentation tools and means

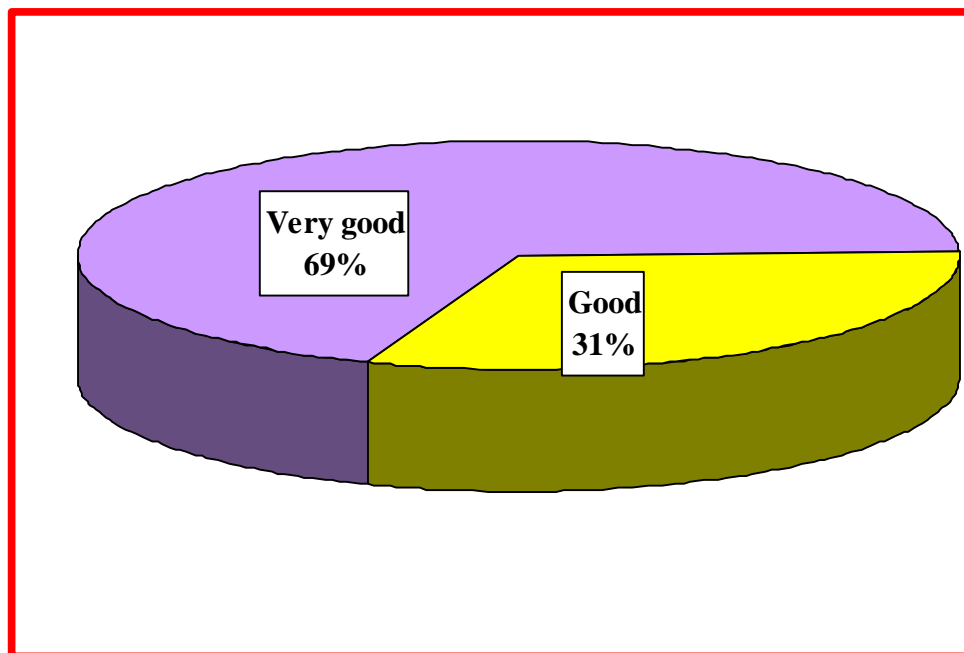
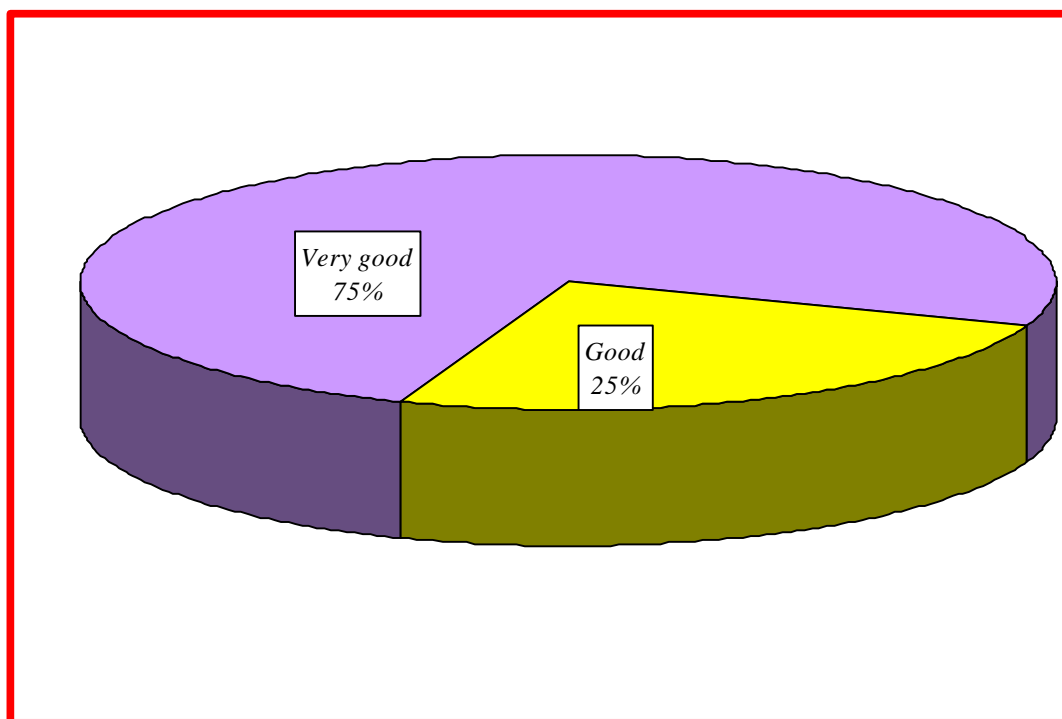
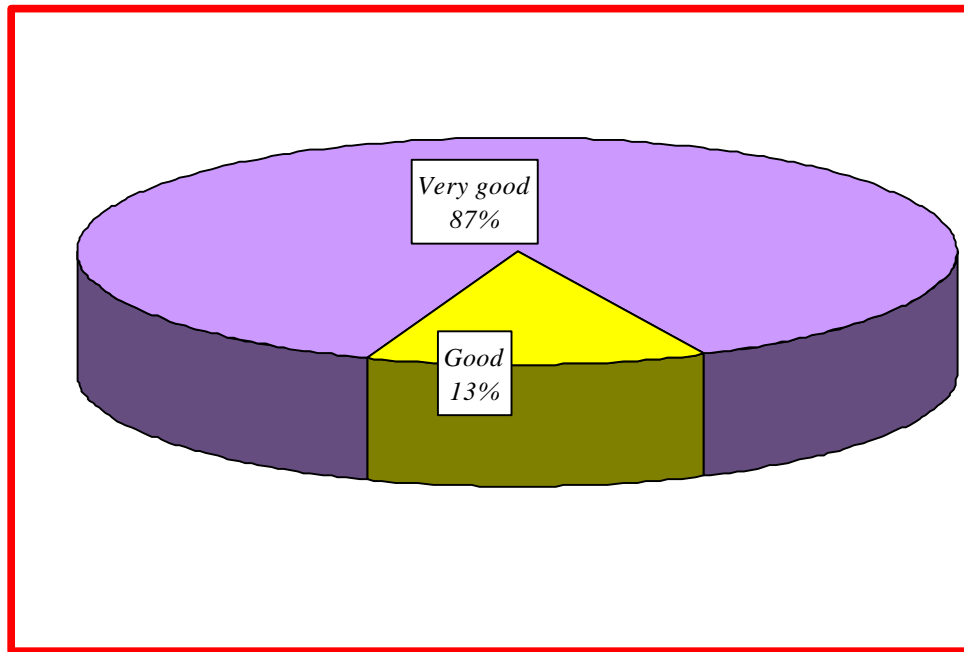


Figure 8 - Rating the quality of the presentations



TRAINING OF ENVIRONMENTAL INSPECTORS
Cluj-Napoca, 28 January 2003

Figure 9 – Rating the quality of logistics



SECOND IMPLEMENTATION SEMINAR

Oradea, 19-20 February 2003

MAIN BENEFITS AND MAIN PROBLEMS REPORTED BY THE PARTNER ORGANIZATIONS

Partner organization	Main benefits
SINTEZA	Increased awareness and responsibility for environmental issues throughout the company
	The importance of monitoring in managing and assessing processes
CHIMPROD	Preparation of the EMS documents
	Reduction of phenols in the wastewater and cooperation with Apaterm in the Action Group
APATERM	Receipt of monitoring equipment
	Working in Action Groups and EMS implementation
TERAPIA	Financial benefits
	Environmental benefits
RAJAC	Increased environmental awareness, inside and outside the regia
	Working in Action Groups

Partner organization	Main problems
SINTEZA	Communication, due to lack of IT equipment ² and the difficulties to find common language, in the early stage of the project, due to lack of specific EMS & P2 skills and knowledge
	Discontinuities in the production process
CHIMPROD	Shortage of personnel
	Lack of IT equipment ¹ and difficulties in the development of EMS documents
APATERM	Setting-up of the monitoring department ³ .
	Relationship with polluting industries
TERAPIA	Procedures should have been developed earlier in the project, following each implementation step, instead of in the final stage of the project
	Internal problems to correlate the newly implemented EMS with the existing QA/QC Systems
RAJAC	Shortage of personnel

² Both Sinteza and Chimprod were provided IT equipment by the EMS & P2 project, in January 2003. This IT equipment was left over in the FO from the former EAPS project.

³ During the project, Apaterm has set-up an independent laboratory, which monitors discharges of polluting industries, provides services to third parties and serves as a reference laboratory for the laboratories in the Drinking Water Treatment Plant and the Municipal Waste Water Treatment Plant

January- March 2003 Quarterly Report

	Delegation of environmental responsibilities by the top management to other departments than the environmental department
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J. East and Central Africa Global Competitiveness Hub, TO#819

Start Date: September 16, 2002

End Date: September 15, 2003

Amount of Delivery Order: \$1,499,933.00

The project is progressing successfully. Specific details will be included in the following quarterly report.

II. Proposal Activity

A. Proposals Won

B. Proposals Lost

C. Proposals Not Submitted

- 1) ECOWAS Secretariat Management Training
- 2) Jumpstarting Madagascar's Economy through AGOA

A. Proposals Pending

- 1) Export Promotion for Economic Reactivation of Salvadorian Micro, Small and Medium Enterprises Activity (EXPRO)
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III. Contract Quarterly Financial Report

This information is included in Annex A of the report.

IV. Technical Reports and Deliverables

None.

EMS & P2 Program in Romania**Appendix 1****January- March 2003 Quarterly Report****ANNEX A*****General Business, Trade & Investment IQC
Quarterly Financial Report***

TASK ORDER NUMBER/NAME	AUTHORIZED EXPENDITURES (OBLIGATED)	ACTUAL EXPENDITURES THROUGH 3/31/03	BALANCE	ESTIMATED COMPLETION DATE	ACTUAL COMPLETION DATE	BALANCE IN DAYS (LOE)
TO #804 Egypt Presidents' Council	\$952,436.00	\$934,511.59	\$17,924.41	12/31/04	N/A	628
TO #03 Macedonian Business Resource Center	\$1,905,944.00	\$1,863,422.70	\$42,521.30	5/31/03	5/31/03	596
TO #809 Activity Management Services in Agadir	\$1,656,868.00	\$1,491,941.00	\$164,927.00	7/14/02	7/14/02	114
TO #811 Ukraine Land Systems Initiative	\$10,838,975.00	\$6,161,749.82	\$4,677,225.18	9/30/03	N/A	465
TO #810 Guinea Revalidation of Mission's 7 year Strategic Plan	\$189,553.00	\$188,116.55	\$1,436.45	10/31/01	10/31/01	0
TO #813 Tanzania Tax and Mining Policy	\$1,630,979.00	\$911,502.00	\$719,477.00	7/08/03	N/A	526
TO #815 Moldova Financial Management Training and Advisory Activity (FMTAA)	\$2,212,579.00	\$ 1,241,190.00	\$ 971,389.00	08/12/03	N/A	475
TO #1 Office of Emerging Markets	\$50,000.00	\$0	\$50,000.00		9/30/99	N/A

EMS & P2 ROMANIA Project
Quarterly Report, January-March, 2003

Appendix 1

TO #800 Guinea Ag Loan Guarantee	\$49,684.00	\$49,705.50	-\$21.50		7/30/99	N/A
TO #801 Guinea Ag II	\$77,336.87	\$74,427.12	\$2,909.75		9/17/99	N/A
TO#802 Ukraine Business Incubator	\$75,628.00	\$72,543.37	\$3,084.63		11/17/99	N/A
TO#806 Ukraine Alternative Fuels	\$65,290.00	\$62,054.78	\$3,235.22		4/30/00	N/A
TO#805 Nigeria Macroeconomic Policy	\$1,995,020.00	\$1,945,870.95	\$49,149.05		11/9/01	N/A
TO#812 Malawi Garment & Textile	\$63,246.00	\$59,739.62	\$3,506.38		9/30/01	N/A
TO#02 Global Technology Network	\$1,996,114.02	\$1,939,435.97	\$56,678.05		9/4/01	N/A
TO#817 Bangladesh Competitiveness Study	\$218,205.00	\$172,500.04	\$45,704.96		12/27/01	N/A
TO#04 Competitiveness Study	\$40,000.00	\$36,654.10	\$3,345.90		12/14/01	N/A

Task Order Number/Name	Authorized Expenditures	Actual Expenditures	Balance	Estimated Completion Date	Actual Completion Date	Balance In Days
TO #814 Technical Support for Procurement and Project Management and Private Sector Participation in Jordan	\$ 3,026,846.00	\$1,570,273.94	\$1,456,572.06	1/31/04	N/A	540
TO #816 Romania Environmental Management and Pollution Prevention Project	\$1,030,522.00	\$753,219	\$277,303	07/31/03	N/A	213
TO #818 Eritrea Economic Growth and Food Security Sector Assessment	\$198,584.00	\$59,504.99	\$139,079.01	N/A	N/A	0
TO #819 East and Central Africa Global Competitiveness Hub	\$1,499,933.00	\$ 599,690.00	\$ 900,243	9/15/03	N/A	519